FINANCIAL TIMES

PUBLISHED IN LONDON AND FRANKFURT

No. 27,924

Wednesday July 25 1979

***20p

CONTINENTAL SELLING PRICES: AUSTRIA Sch 15; BELGIUM Fr 25; DENMARK Kr 3.5; FRANCE Fr 3.5; GERMANY DM 2.0; ITALY L 600; NETHERLANDS Fl 2.0; NORWAY Kr 3.5; PORTUGAL Esc 35; SPAIN Pts 50; SWEDEN Kr 3.25; SWITZERLAND Fr 2.0; EIRE 20p

NEWS SUMMARY

GENERAL

Fury at China border killing

China and the Soviet Union lodged formal protests against each other after an incident on the Soviet border adjoining China's north-western Xinjiang province in which a Chinese official was killed.

The incident, on July 16, which appears to be the most serious since a similar clash in May 1978, is likely to sour Sino-Soviet relations just as plans for talks between the two countries on improving relations are being completed.

The Soviet Union last year rejected Chinese proposals for talks after Peking had demanded the withdrawal of Soviet troops from the Russian and Mongolian borders. It is believed 650,000 Russian troops face a force of about 1.3m Chinese along the border. Back Page

No relaxation

Mrs. Thatcher, the Prime Minister, said there was no question of minimum lending rate being cut as long as demand for credit and bank borrowing remained at its current rate. Back Page

Craxi fails

Italy's Socialist leader Bettino Craxi resigned as Premier-designate after the Christian Democrats formally rejected his attempt to form a coalition.

Monopoly stays

A bid by backbench Tory MP Neville Trotter (C. Tynemouth) to introduce a private member's Bill to break the Post Office mail monopoly was defeated by 210 votes to 187 in the Commons. Parliament Page 8

Sinai handover

Israel will hand over a second section of Sinai to Egypt today in spite of disagreement over the UN force which should be stationed between the two sides. Page 3

RUC chief

Sir Kenneth Newman, Chief Constable of the Royal Ulster Constabulary since 1973, is to resign to take over as commandant of the police staff college at Bramshill, Hampshire.

Hovercraft plan

Giant hovercraft, designed to compete with passenger car ferries over routes of 200 miles, are planned by the British Hovercraft Corporation. Page 7

Actors protest

More than 3,000 members of Equity, the actors' union, marched through London's West End in protest against increases in VAT and cuts in Arts Council grants and public spending. Page 6

Uganda talks

The first of two conferences on rebuilding Uganda's economy, attended by friendly governments and international organisations, opens in Kampala today. Page 3

Super Yankee

American Gerry Spiess arrived in Falmouth last night in his 10 ft Yankee Girl, the smallest boat to make the west-to-east Atlantic crossing.

Liquid assets

Burglars who broke into a house in Aachen, West Germany, left a note for the owner saying: "Financially a dead loss, but your wine is fantastic. Cheers."

Briefly . . .

Two airmen were killed when an American Air Force F-111 fighter crashed into the sea off Withernsea, North Humberside.

Giant oil slick caused by last week's collision of two supertankers off Tobago is still breaking up, reducing the threat to the island's beaches.

BUSINESS

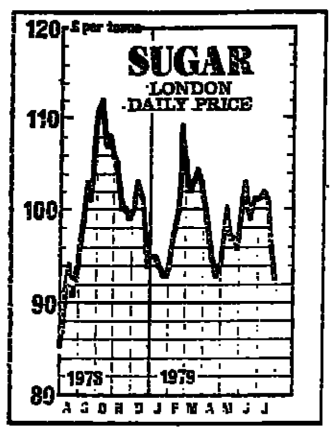
Gilts stronger; Sugar falls £4

● GILTS: A further boost for sterling ensured all-round strength for Government stocks on the eve of today's tenders for the largest-ever tap stock issue. Gains in longs extended to ½ and the Government Securities Index rose 0.37 to 73.96.

● EQUITIES: An early improvement was found to lack substance and values began to drift back. The FT 30-Share Index was 1.7 higher at noon but closed only 0.3 better at 467.0.

● Wall Street was up 3.76 at 829.27 before the close.

● SUGAR: World values fell heavily again and the London daily sugar price was cut by £4 to £92.50 a tonne, its lowest since August 1978.



● STERLING rose 2.35 cents to close at $2.3250 and its trade-weighted index closed at 73.6 (73). The dollar's trade-weighted index eased to 83.7 (83.8).

● GOLD closed in London at a record $305¾, a rise of $1¼.

● ADULT unemployment is no longer falling. The steady decrease in the spring and early summer halted over the last month and notified vacancies have started to decline. Back Page; Regional map, Page 7

● BRITISH industry's real profitability was likely to be halved this year, Sir John Greenborough, president of the Confederation of British Industry, told a Financial Times conference. Page 6

● ADVISORY, Conciliation and Arbitration Service officials had informal talks with engineering union leaders about the industry's pay dispute. A national overtime ban is scheduled to start on Monday. Page 8

● AGREEMENT between French steel companies and the unions on measures to reduce the industry's workforce by 21,000 was held up when the CGT Labour organisation refused to endorse parts of the pact.

● CONFEDERATION of British Industry, in a code of practice to be published shortly, recommends companies to adopt open-style management and to increase communication and consultation with employees. Page 7

● PRICE COMMISSION, in its final company investigation, has given Shell UK Oil a virtually clean bill of health but says a policy of short term profit maximisation would not be justified at present. Page 7

● SCOTCH whisky exports fell by more than 7 per cent to 45.7m proof gallons in the first half of 1979, the first drop in overseas sales for many years. Page 4

COMPANIES

● WHITBREAD, the brewing group, forecasts a reasonable result for the first six months of 1979 on the basis of increased beer sales. Page 16

● XEROX CORPORATION of the U.S. reports a 20 per cent rise in second-quarter net income to $152m. Page 18

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
ndng. 5¼pc 82-84	£86¼	+ ¾
reas. 15¼pc 1996	£122	+ ¾
Allied Textile	144	+ 4
Asscd. Tea Estates	30	+ 3
Channel Tunnel	130	+ 25
rotherm	308	+ 8
than (B. and I.)	69	+ 3
NatWest Bank	355	+ 5
rop. Reversionary	147	+ 5
Stock Conversion	374	+ 4
UC Investments	245	+ 5
FALLS		
Clifford's Dairies A	76	− 4
European Ferries	129½	− 4½
Hunting Gibson	270	− 8
ICL	436	− 4
Kitchen Queen	57	− 3
Lloyds Bank	318	− 5
Siebe Gorman	168	− 32
Staveley	262	− 24
Stylo Shoes	162	− 7
Tricoville	80	− 4
Vinten	148	− 6
Anglo American	333	− 7
MIM Holdings	168	− 5
Union Corporation	330	− 7

British Gas makes record profit: will lend to Government

BY RAY DAFTER, ENERGY EDITOR

British Gas, which announced a record pre-tax profit yesterday of £360.7m, will soon begin lending money to the Government.

The State-owned gas operations have become so profitable that the corporation has received Government approval to begin depositing its excess cash with the National Loans Fund.

Under this agreement, shortly to be ratified, British Gas will be able to draw on its holdings to pay for major replacement or development projects.

This is unlikely to be necessary until at least the mid-1980s. Until then the corporation expects to be able to fund its investment of about £350m a year from internal sources.

In spite of its favourable financial position the corporation is anxious to begin increasing the price of gas to its 14.3m domestic customers.

In April next year, when the Government-imposed price freeze on domestic tariffs expires, British Gas may press for a rate increase of about 20 per cent.

Assuming no further Government controls, the corporation would then aim to continue raising domestic tariffs in real terms for several more years.

Sir Denis Rooke, chairman of the corporation, said that domestic gas prices had fallen out of line with the costs of other fuels and the price of gas bought by commercial and industrial users. The domestic tariffs did not reflect increasing costs of offshore gas supplies.

Sir Denis Rooke: Domestic prices out of line

These price rises will push British Gas profits even higher. Within the corporation, I understand, it is thought quite possible that pre-tax profits will reach £1bn by the early 1980s. This in turn will influence the amount of cash deposited in the National Loans Fund.

The corporation's profit of £360.7m in 1978-79 was made on a turnover of £2.97bn and net assets of £2.14bn (at historic cost).

The profit, double that of last year and over 10 times more than that of 1976-77, was achieved for three basic reasons, said Sir Denis.

Gas sales were higher than ever before; the corporation had completed writing off natural gas conversion costs and displaced plant in the previous year; and interest charges were lower because of early repayment of Government loans.

In the past three years British Gas has repaid to the National Loans Fund over £1.25bn. The outstanding balance of £115.5m was being repaid this week.

From now on the corporation will deposit money with the fund, perhaps as much as £300m in the current financial year.

It will become the first State

Continued on Back Page

Lex, Back Page

Fears of extra OPEC rise as dollar slips

BY RAY DAFTER, ENERGY EDITOR

THERE IS growing concern within the oil industry that the Organisation of Petroleum Exporting Countries may convene an extraordinary price-fixing meeting in September.

This arises from the continuing slippage in the dollar's value and from spot market activities of some OPEC members, in breach of the compromise deal negotiated at last month's ministerial conference.

Dr. Mana al Otaiba, president of OPEC and the United Arab Emirates Minister of Oil, said last week that he might call a September meeting if this was warranted. OPEC ministers are next scheduled to meet in Caracas, Venezuela, in December.

In spite of much central bank support, the value of the dollar is still slipping. Since early June its value has fallen by 3.5 per cent on the trade-weighted index as calculated by the Bank of England.

It has even fallen by 1 per cent from the time of last month's OPEC meeting.

While oil market conditions are far more stable now than earlier this year—partly due to Saudi Arabia's extra 1m barrels a day of production—companies are becoming increasingly concerned about fringe spot deals. For instance:

● Qatar is selling an important part of its July crude oil output on the spot market at a price reported to be $34 to $35 a barrel, some $13 over its term contract price. At their June OPEC meeting, oil ministers agreed to a ceiling price of $23.50 a barrel

● Nigeria is reported to have advised buyers that it wants to renegotiate contracts as and when they expire to allow it to charge prices prevailing on spot markets for part of its exports.

● Buyers arranging supplies of Iraqi crude for next year have been asked to pay a price premium of at least $3 a barrel or more—in addition to next year's still-to-be-agreed prices. Industry reports suggests that Iraq wants the premium paid in advance of the contract deals being finalised.

● Iran is said to be making limited quantities of oil available on the spot market and possibly seeking prices as high as $35 to $37 a barrel.

On the other hand, Saudi Arabia's extra 1m b/d production is being supplied at the official OPEC prices: $18 a barrel in the case of Arab Light crude. What is also significant to the industry is that Petromin, the state oil corporation, will market one-fifth of the incremental production itself.

According to Petroleum Intelligence Weekly the four U.S. partners in the Arabian American Oil Company (Aramco)—Exxon, Standard Oil of California, Texaco and Mobil—will lift the remaining 800,000 b/d under individual allocations

NatWest profit up 102%

BY CHRISTINE MOIR

NATIONAL Westminster Bank yesterday reported a 102 per cent rise in interim pre-tax profits compared with the 60 per cent improvement revealed at Lloyds last week.

Domestic banking provided the main impetus—average base rate rose from 7.48 per cent to 12.64 per cent between the two periods and from 10.72 per cent at the year end—but overseas earnings also increased by 30 per cent in total. International Westminster Bank profits rose by 80 per cent.

Market reaction was cooled by warnings that second half performance might not match the first, as increased operating costs, largely salaries, clash with an expected reduction in minimum lending rate towards the end of the year.

The dividend increase was also regarded as not over-generous. NatWest is giving shareholders a 25 per cent net increase; Lloyds handed out 35 per cent. For the whole year, shareholders can expect about 16.4 per cent net compared with 12.8 per cent last year, Mr. Robin Leigh-Pemberton, NatWest chairman, intimated

The bank sector required a high level of retentions, he said NatWest planned to write off £86m of goodwill from reserves in connection with the recent £200m acquisition of the National Bank of North America.

The interim figures included two months of NBNA which was breaking even after funding costs. The slightly depressing effect that acquisition has had on free capital ratios has also been offset by the benefits of the recent loan stock issue. Overall ratios were little different from the year end figure of 4.1 per cent.

Mr. Leigh-Pemberton spoke of the inhibitions created by the Bank of England "corset" on lending and admitted that the bank was close to its limit there. High rates of interest had so far had no visible effect on personal loan demand and industrial demand was static.

While announcing £19.4m of undifferentiated provisions against bad debts—£23.4m last time—Mr. Leigh-Pemberton supported the principle of greater disclosure by the banks. However, he doubted whether a division could be made between specific provisions for any given year and general provisions against latent risks.

The market's assessment of these factors resulted in a 5p rise in the shares to 355p. Midland and Barclays have still to publish their figures. Midland's shares put on 2p in the market to 362p and Barclays' remained unchanged. Lloyd's continued to lose ground and are now 318p having been 332p prior to their Friday figures.

Lex, Back Page

CONTENTS

For latest Share Index phone 01-246 8026

Power workers threaten action

By Philip Bassett, Labour Staff

Leaders of Britain's 96,000 electricity supply manual workers yesterday gave two weeks' notice of industrial action in the power stations after a pay offer worth about 14 per cent was rejected in a secret ballot by 3 to 2.

The warning appears to pose serious difficulties for the Government from one of the country's most powerful industrial groups. But there were indications yesterday that the action might be headed off by the employers meeting the manual workers claim for an increase comparable to that won by the industry's 27,000 engineers.

Union negotiators did not rule out the possibility of unofficial action be fore official action.

Mr. Frank Chapple, chairman of the trade union side, said a strike was unlikely to be the form of action chosen. But Mr. Jack Biggin, union side secretary, said: "If they do not come forward with a satisfactory offer which matches what they have given to the engineers then there is absolutely no doubt there will be industrial action."

Any action taken would be gradual, and could include refusing co-operation, working to rule and an overtime ban.

Unofficial estimates that the revised offer would be rejected were borne out, with 49,151 voting against it and 34,097 in favour. The majority of 15,054 was much smaller than in the previous ballot in April. Then an offer was rejected by about 3-1.

Yesterday's rejected offer gave new money increases of £5 backdated to March, with a further £2.50 a week from October and consolidation of previous supplements. This is valued at about 14 per cent.

The engineers' deal gives 12 per cent from February, 8 per cent from September and 3.5 per cent from November plus arbitration on a further 10 per cent. The Electricity Council says this will add 14.4 per cent to the engineers' wages bill for this year.

Mr. Bill Prior, council member for industrial relations, said: "In our terms we can meet the manual workers' requirement of a comparable offer."

A comparable increase in the manual workers' pay bill costs might not be enough to satisfy some of the more militant manual workers, who see the engineers as having won 23½ per cent over a year.

ACAS talks with engineers, Page 8

Sterling up to highest level since 1975

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

A FURTHER sharp rise in sterling yesterday fuelled City speculation that the new £1.5bn long-dated gilt-edged issue would be well supported, and possibly fully subscribed, when lists closed this morning.

Demand for the pound was again reported heavy, particularly from New York, and any profit-taking was easily absorbed.

The trade-weighted index jumped by 0.6 points to 73.6. This is a rise of 3.6 per cent in the last 10 days, and of 15.2 per cent this year. The index has moved to its highest level since October 1975.

Sterling rose by 2.35 cents against the dollar to $2.3250, its highest close since May 1975 and an increase of 9.6 cents in the last 10 days.

The pound has risen almost equally sharply in the last two weeks against the main Continental currencies. The rate yesterday rose from DM 4.17 to DM 4.20¾, against DM 4.06¾ at the beginning of last week.

The strength of sterling helped boost prices of long-dated gilt-edged stocks by ⅞ of a point after earlier gains of a point.

The rise in price has increased attractions of the new 11¾ per cent Treasury 2003-07, especially as only £15 per cent has to be submitted with tenders today.

There were reports yesterday of overseas interest, but last night gilt specialists were still uncertain whether the stock would be fully subscribed.

Many large investors appear to be waiting until this morning before deciding both on the size of their applications and on the price at which they will tender.

In contrast to sterling, the dollar traded within a narrow range yesterday. The West German Bundesbank, the Swiss National Bank and the U.S. Federal Reserve appear to have unofficial support levels for the U.S. currency.

In particular, there are signs of Central Bank intervention when the dollar threatens to slip below DM 1.80; last night the rate was DM 1.8090, against DM 1.8115 previously.

The price of gold continued to rise in response to the dollar's problems. It increased per ounce by $1¼ to $305¾, after touching an all-time high of $307¾.

Lex, Back Page

Blumenthal doubts on role of successor

BY DAVID BUCHAN IN WASHINGTON

MR. G. WILLIAM MILLER, the newly-designated U.S. Treasury Secretary, may find it hard to preserve anti-inflation and economic policies intact against political pressures by the White House staff, Mr. Michael Blumenthal, the outgoing Secretary, has told close Treasury associates.

The issue of who will now dominate U.S. economic policy-making has been posed by the Carter Cabinet shake-up and the simultaneous elevation of the controversial Mr. Hamilton Jordan to the post of White House chief of staff. The resulting uncertainty has unsettled the U.S. dollar on exchanges abroad.

A Treasury leak on Monday reported Mr. Blumenthal's feeling that Mr. Miller, at present Federal Reserve Board chairman, would prove an excellent successor to carry on existing Administration policies.

But it was regrettable, Mr. Blumenthal has told colleagues, that Mr. Miller speedily accepted the Treasury job without conditions.

Mr. Blumenthal is known to feel that it took him far too long, until May this year, to establish himself clearly as chief economic spokesman for the Administration.

Mr. Blumenthal and Mr. Miller, who are close friends, regard themselves at one on the immediate direction of U.S. economic policy. On Monday they echoed one another's words, warning against tax cuts or spending increases that might reduce unemployment, but fuel rising inflation.

But the unemployment rate, which the Administration has forecast will rise to 6.9 per cent by the time of the November 1980 Presidential election, will be a prime political consideration for Mr. Jordan who, in his

Continued on Back Page

£ in New York

—	July 23	Previous
Spot	$2.3090-3100	$2.2850-2850
1 month	0.67-0.63 dis	0.52-0.48 dis
3 months	1.58-1.52 dis	1.56-1.52 dis
12 months	3.94-3.84 dis	4.05-3.96 dis

Fanfani may try to form government

BY RUPERT CORNWELL IN ROME

THE Christian Democrats yesterday destroyed, conclusively if not entirely unanimously, the two-week-old attempt by Sig. Bettino Craxi to form the first Socialist-led administration in Italy since the war.

Following a tersely worded rebuttal of his proposals by the long-ruling party, the Socialist leader finally admitted defeat. Last night he reported his failure to President Sandro Pertini, leaving the country's seven-month Government crisis further than ever from a lasting solution.

All political speculation now centres on the next move by the 82-year-old President, after the ill-fated efforts of first Sig. Giulio Andreotti, the Christian Democrat caretaker Prime Minister, and now Sig. Craxi, to form an administration.

It is possible that Sig. Pertini may, whatever his misgivings, entrust the task to Sig. Amintore Fanfani, himself a former Christian Democrat Premier. A mandate to Sig Fanfani, president of the Senate, and the second-ranking figure in the Republic, would be on an "institutional" basis to try to put together a government aloof from party squabbling.

If Italy is to have any solid government in this Parliament, the divisions and rancour exposed by Sig. Craxi's bid will have to be overcome, and an understanding reached between *the* Christian Democrats and Socialists. For that reason, Sig. Pertini may opt for a holding solution.

The veto came after Sig. Craxi had played his last card by presenting to his would-be *partners*—*Christian* Democrats, Social Democrats, Republicans and *Liberals*—an outline programme coupled with a political declaration of intent.

Neither, however, measured up to the stern conditions laid down by the Christian Democrats as the price for giving up their 34-year grip on the prime ministership. Last night, the party described Sig. Craxi's proposals as "inadequate and therefore unacceptable."

Significantly, though, the tough document published afterwards was opposed by Sig. Arnaldo Forlani, the current Foreign Minister, while key sections of it drew no more than *abstention* by four other members of the Christian Democrat ruling council.

Like Sig. Fanfani, his political mentor, Sig. Forlani has taken a tolerant view of the Socialist bid, in sharp contrast to Sig. *Benigno Zaccagnini*, the *party* secretary general and his supporters.

Sig. Amintore Fanfani

Chemical contract wraps up wage round

BY OUR ROME STAFF

A NEW contract has been agreed for the 320,000 workers in Italy's private-sector chemical industry. It grants, among other things, a significant cut in the working week, and virtually wraps up the country's current three-yearly round of labour negotiations.

The agreement, reached early yesterday after deadlock had seemed likely, means that almost all the pieces in the wage contract jigsaw have fallen into place, after the all-important metalworkers' deal was concluded a week ago.

Since then textile, construction and now chemical employees have settled and the major industries of the north will be able to close down for the traditional one-month holiday next weekend without the worry of incomplete negotiations and the menace of a "hot autumn" of unrest when the factories re-open in September.

This encouraging news coincides with the announcement by the Bank of Italy of a substantial payments surplus (albeit lower than 1978's record level) of L1,395bn (£760m) in the first six months of this year.

In June alone the surplus reached L242bn. But the first-half figure is below the L2,139bn (£1,150m) of the same period of 1978, providing further evidence that 1979 will see a surplus well down from the record L7,000bn of 1978.

As had always seemed likely, the terms of the latest batch of contract settlements reflect closely the concessions wrung from employers by the 1.5m metalworkers *after six months* of often bitter bargaining

The chemical deal provides a standard week of 37½ hours for regular shift workers, improved rights of employees to information about company policy, and a basic wage increase. For the chemical workers this will be L30,000 (£17) a month by 1981, the last year of the new contract's life. For the 1m building workers the rise is L40,000.

The question now is whether the gains made by the unions will add up to an increase in labour costs that might threaten the competitiveness of Italian *products. To judge from* reactions so far, subsequent contracts are considered by employers to be less onerous than the deal made with the metalworkers.

EEC seeks accord on oil register

BRUSSELS—EEC Foreign Ministers decided to co-ordinate action with the U.S. and Japan before starting an EEC scheme for registering all oil deals on the international market in Rotterdam, EEC officials said yesterday.

West Germany and Britain argued that hasty action by the EEC alone might divert crucial oil supplies from Europe to the Far East and Caribbean markets, they said.

France called for an immediate detailed check on the amounts and prices of oil passing through Rotterdam, but the EEC Commission told Ministers it was not ready to do this, and will make specific proposals in the autumn.

In Tokyo last month, the U.S., Canada, Japan, West Germany, France, Italy and Britain agreed to limit their imports of oil and check international oil deals to combat the effect of rising oil costs.

However, the Netherlands, which did not attend the Tokyo summit, said it wants more information

The Ministers approved a five-year EEC research programme into developing alternative energy sources, which *is expected to cost up to* $150m, the officials said.

Reuter

Swiss top of GNP league table

BY JOHN WICKS IN ZURICH

SWITZERLAND LAST year replaced Kuwait as the country with the highest per capita gross national product, according to a survey prepared by Union Bank of Switzerland. The study said almost all countries with a per capita rate of $1,200 or more in 1978, registered an increase in real terms in GNP.

These countries showed a nominal rise in GNP of some $1,200bn to about $7,790bn, and thus accounted for 90 per cent of the world's economic performance with only 35 per cent of total population.

The growth of Swiss GNP per head to $13,853 last year, a jump *of no less than 39 per cent, is* attributed by the bank almost wholly to the massive increase of the Swiss franc in terms of the U.S. currency. In fact GNP measured in Swiss francs rose by only 0.2 per cent in real *terms in Switzerland last year.* Kuwait showed a much smaller rise in nominal GNP value to an estimated $13,000, which was due to the slight decline in oil prices in 1978.

Well below these two traditionally leading countries in nominal per capita terms were Denmark, with $10,948, Sweden ($10,440) and West Germany ($10,415). Also ahead of the U.S., whose GNP was $9,646 per *head last year*, were *Belgium* ($9,939) and Norway ($9.849). The UK takes up twentieth position on the bank's list, with $5,542, behind Libya and Finland and ahead of New Zealand.

The Union Bank of Switzerland, which stresses the difficulty of valid comparisons in the light of exchange rate fluctuations, anticipates a further increase in per capita GNP for nearly all the countries on its list during 1979. Growth is seen as likely to be of some 2½ per cent in the UK, compared with 4 per cent in West Germany, 3 per cent in the U.S. and 5 per cent in Japan.

Mortgage debt '86% of GNP'

BY OUR ZURICH CORRESPONDENT

THE SWISS mortgage debt per *head of population is nearly 10* times that in the United Kingdom, a study published by Union Bank of Switzerland shows. Mortgage debt in Switzerland at the end of last year equalled 86 per cent of Gross *National Product, with a per* capita sum of SwFr 21,540 (£5,736). By comparison, the UK figure—of £37.3bn—represented 23 per cent of GNP and a per capita total of only SwFr2,224.

In per capita terms, the biggest mortgage debt load in leading industrialised Western countries is calculated by UBS as *being that of Sweden, with* SwFr 10,383, and the United States, with SwFr 9,003.

The bank gives as the main reason for the high mortgage volume in Switzerland, Sweden and the U.S. the fact that the *amortisation obligation, particu*larly for first mortgages, was hardly applied until the Second World War. In Switzerland only 52 per cent of all mortgage commitments were subject to amortisation as recently as the end of 1977.

By comparison, French mortgage debt amounted to only 6 per cent of GNP at the end of *last year, or SwFr 883* per capita, and 10 per cent in Spain, where the sum per head was only SwFr 739.

Mortgage rates differ very widely, the survey shows. Last *month, first mortgages for hous*ing were highest in Italy, at 14.8 per cent, and the UK, with between 11.75 and 13.9 per cent. In Switzerland the rate on July 1 for existing first mortgages was only 4 per cent, while the *June figure in Japan was* 5.5 per cent and that in West Germany 6.1 per cent.

Norway, U.K. to discuss gas-gathering plan

BY WILLIAM DULLFORCE, NORDIC CORRESPONDENT

THE NORTH SEA gas-gathering pipeline project will be a *major topic at talks in London* on Thursday and Friday between Mr. Tryggve Tamburstuen, Minister of State at the Norwegian Oil and Energy Ministry, and Mr. Hamish Gray, his British counterpart. They will also review work on the Statfjord Field, which straddles the North Sea dividing line.

Norway was taken by surprise when the new British Government commissioned the British Gas Corporation and Mobil to make a new feasibility study of a gas-gathering pipeline. The Labour Government had accepted the finding of an earlier commission that the *pipeline was not required,* thereby also killing the idea that a joint British-Norwegian pipeline could be built.

The Conservatives' action has revived the possibility of a joint pipeline, but has also put pressure on *Norwegian timing* schedules. The Oslo Government has been waiting for the results from exploratory drilling this summer on newly licensed blocks to decide whether it has sufficient reserves to warrant construction of its own pipeline to land gas on the Continent. Both the French and the West Germans have offered to help finance the new pipeline.

The Norwegian Oil Ministry believed it could delay a decision until the middle of next year, although companies with interests in the Statfjord Field have been pressing for quicker action. They fear that re-*injection of the gas released* during oil production could harm the petroleum-bearing structures.

Mr. Tamburstuen will sound out the British Government's intentions on North Sea gas and, *in particular, its attitude* to re-exporting Norwegian gas landed in Britain to the Continent. The French are under stood to have rejected the idea of a cross-Channel link, but the Norwegians believe a system might be worked out under which British gas could be supplied to continental buyers in exchange for Norwegian gas delivered to the British network.

This week's meeting will be the first top-level political contact on *oil matters* between the new British Government and its Norwegian counterpart.

The Norwegian Minister of State will also see Sir David Steel, the chairman of British Petroleum (BP). BP is under*stood to be* nearing a decision on whether to develop its discovery in block 7/2 on the Norwegian continental shelf.

Price rises trigger Spanish pay review

By David Gardner in Madrid

THE SPANISH consumer price index rose 0.9 per cent in June, bringing the increase for the first six months of this year to 7.3 per cent. The index has, therefore, crossed the 6.5 per cent threshold fixed by the Government as the point at which this year's wage settlements would be reviewed.

The rise in the consumer price index, although an improvement on last year's six monthly figures of 8 per cent, presents the Government with a delicate problem at a time of general economic difficulties. Today the Cabinet meets to approve a medium-to long-term economic programme, already two weeks overdue.

In December, the Government steamrollered through by decree an 11-14 per cent wage ceiling for 1979, and unified opposition by incorporating the threshold clause, which then represented about half of this year's inflation target.

The Government has yet to agree on a mechanism for the wage review, and the two major unions—the Socialist Union General de Trabajarres (UGT) and the Communist-led Comisiones Obreras (CCOO)—have also failed to come up with a joint strategy on the issue.

The Government's economic team is in favour of an automatic rise of between one and two percentage points. This would incorporate the projected rate of inflation for the whole year, without covering the effect on prices of the recent oil price increase.

Sr. Fernando Abril, Deputy Prime Minister in overall charge of economic affairs, strongly hinted last month that the Government fully intended to pass the OPEC increases on to the consumer, and stressed that wages would have to lag behind prices.

The Government's economic programme meanwhile, will make a major effort to curb this year's public sector deficit, expected to reach between Pta 400bn-500bn (£2.8bn-£3.5bn). The plan, *while stressing the main*tenance of growth and employment, is expected to cut Pta 100bn off this deficit.

Denmark's output 'will level off'

By Hilary Barnes in Copenhagen

DANISH industrial production is expected to level off in the third quarter, after increases in the two previous quarters, the country's Bureau of Statistics says in its quarterly business expectations survey.

In the second quarter, 35 per cent of companies said output increased, against 13 per cent which said it had fallen. For the third quarter, the same number expect output to increase, as expect it to decline.

In the second quarter, employment, exports and domestic orders all increased, but while orders are expected to rise again in the present quarter, the demand for labour is likely to tail off.

Preliminary foreign trade figures showed a June deficit of DKr 1.8bn (£150m) against DKr 0.7bn in June last year. *First-half deficit was up from* DKr 7.29bn (£609m) to DKr 9.6bn.

Second quarter imports rose by 18.4 per cent to DKr 23.36bn (£1.9bn) and exports by 7.1 per cent to DKr 17.97bn. For the first half, imports were up 15.5 per cent to DKr 45.3bn (£3.7bn) and exports 11.8 per cent to DKr 35.75bn.

The consumer price index in June rose by 0.9 per cent and in the 12 months to June, by 8.6 per cent. This compares *with a rise of 7.1 per cent in* the 12 months to the end of last December.

Current account deficit forecast for W. Germany

BY JONATHAN CARR IN BONN

WEST GERMANY is likely to have a current account deficit in 1980—its first for 15 years—according to a report released today by the IFO economic institute of Munich.

IFO believes that, because of the latest oil price increase, a small current account deficit might emerge this year although the figures so far still show a surplus. But IFO estimates that the deficit next year could be as much as DM8bn (£2bn), compared with a DM 17.5bn surplus in 1978.

If the forecast is correct, its implications go well beyond the current account, which shows *the balance when Germany's* usual deficits on services and transfer payments have been subtracted from its traditional surpluses on foreign trade.

A long succession of current account surpluses has been a key factor in the constant appreciation of the West German currency. It has also, from time to time, stimulated pressure on the Bonn Government from other trading nations which have felt West Germany should do more to boost its economy and increase imports.

The IFO study shows a reversal of the position early in this decade, when West Germany was able to avoid going into current account deficit even after the price of oil had quadrupled.

It points out that in the three years from 1972 to 1974, real economic growth in West Germany was on average lower than that of the 13 major Western industrial countries—3 per cent at home, compared with 4 per cent abroad.

Further, although the Deutsche Mark has already been revalued several times, making German prices less competitive abroad, the impact of this had not so far worked through to affect the trade performance. Both factors helped West Germany build up its huge trade surpluses of DM 50.8bn and DM 37.3bn in 1974 and 1975

But now IFO notes that West Germany expects about 4 per cent real economic growth, while its major industrialised partners expect an average of 3 per cent. Also, the appreciation of the Deutsche Mark had compensated for virtually any additional price competitiveness which West Germany might have gained from a lower inflation rate.

IFO also points out that the terms of trade are not working in West Germany's favour. Last year, in real terms, imports increased by 7.5 per cent and exports by only 4.2 per cent, even though the export surplus rose in nominal terms.

This year, IFO foresees a real increase in imports of 10 per cent and of exports of 7.5 per cent, bringing a cut in the trade surplus in both real and nominal terms. Next year, it feels the trade surplus will fall again, and the current account will go firmly into the red.

Bonn 'will not limit fuel prices'

BY ROGER BOYES IN BONN

THE WEST GERMAN Government has stressed that it will not impose price ceilings on the German-based oil companies, *despite continuing protests* about the rising price of petrol and heating oil. The Federal Cartel Office, however, is investigating whether the latest rise in the price of petrol, by 5 pfennigs a litre, was fully justified by the OPEC price increases.

Herr Otto Schlecht, state secretary in the Economic Ministry ruled out the use of price controls in a written statement issued yesterday. He said price controls would simply be tackling the symptoms of the problem; the real task was to restrain demand and develop other energy sources.

Protests about last week's petrol price increases have come from back-bench Social Democrat and Free Democrat politicians, from consumer associations, and from unionists.

Several unions, including the Baden - Wuertemberg branch of IG Metall, the metal workers' union, the public services union and the railway workers, have demanded a supplementary wage increase to compensate for the oil price increases.

Herr Schlecht insisted yesterday that the oil prices should *not be used as* an argument for higher wages, but neither should the oil companies use the OPEC price rise to increase profits. The Federal Cartel Office has called in representatives of Texaco, Shell, BP and Esso to discuss "informally" the latest price increases, and whether profit margins have increased.

Dr. Uwe Jens, a Social Democrat member of the Bundestag (lower house) has called for the powers of the Federal Cartel Office to be extended, to enable it to act as a kind of price commission, regulating oil price increases instead of just ruling on unfair business practice.

Herr Schlecht, however, said this would lead to the oil companies artificially raising prices as a negotiating stratagem. Market mechanisms remained the best way of controlling demand, providing that the oil companies made no undue profits from the crisis.

Swissair may cut flights

BY JOHN WICKS IN ZURICH

REDUCTIONS IN the amount of available aviation fuel may lead to cuts in the services of Swissair, the Swiss scheduled airline. It says that some re-routings are proving necessary, already with new fuel stops called for, particularly on Bombay services, where only 60 per cent of last year's fuel is available.

Swissair, whose supplies of fuel in Switzerland are being held at or below last year's levels by almost all oil companies, says similar conditions now apply on almost all its network. Its charter affiliates, Balair and the Geneva-based CTA, are said to be in an even more critical position.

Dutch Royalty wrangle settled

BY CHARLES BATCHELOR IN AMSTERDAM

THE FORMAL constitutional position of Queen Juliana and the other members of the Dutch royal household has been settled after years of wrangling. Membership of the royal house has now been defined in a Bill which will go before Parliament, although the question of ministers' responsibility for the actions of the royal house will be left the subject of an informal agreement.

The Dutch royal household has now been defined as the Queen herself, her husband Prince Bernhard, her two daughters, Princess Beatrix (the Crown Princess) and Princess Margriet, their husbands *and children. Queen Juliana's* two other daughters, Princesses Irene and Christina are not considered members of the royal household, since they formally gave up the right to accession when they married.

Queen Juliana, who was 70 in April, had long opposed a tighter definition which would have excluded Princess Margriet and her family.

The constitutional position of the royal house was known to be one of the issues which the Queen wanted settled before she stepped down. However, rumours that she planned to abdicate soon were stopped in March when Mr. Dries van Agt, the Prime Minister, said that he believed she intended to stay on the throne for some years yet.

The Bill now proposed largely formalises the existing position, in particular by excluding *ministerial responsibility* for royalty's actions from the legal framework. This will continue to be regulated on an informal basis with frequent consultations between the Queen and ministers.

Queen Juliana

Trade gap narrows in first five months

BY OUR AMSTERDAM CORRESPONDENT

THE NETHERLANDS' foreign trade *position improved* in the first five months of 1979, while an industry-wide survey showed foreign sales are expected to increase in the period from July to September. The overall trade balance in the first five months was still substantially in deficit, however, while in May alone the deficit increased.

Provisional Centre Statistics Office figures showed a trade deficit of Fl 800m (£174m) in May, compared with a Fl 600m deficit in May 1978. Imports rose to Fl 11.6bn this year, from Fl 9.5bn in 1978, while exports rose to Fl 10.8bn, from Fl 8.9bn.

The deficit in the first five months as a whole fell, however, to Fl 1.3bn, from Fl 1.7bn in 1978. Imports rose to Fl 52.2bn, from Fl 47bn in 1978, while exports rose to Fl 50.9bn, from Fl 45.3bn.

If the effects of imports and exports of oil and oil products, ships and aircraft is disregarded, the trade position in May was in balance, with inflows and outflows totalling Fl 9.5bn. In May, 1978, imports, at Fl 8.3bn, exceeded exports by Fl 300m.

The Central Statistics Office's monthly review of industry showed increased activity in June, although no further improvement is expected in this quarter. A rise in foreign sales is expected, however.

In June, 78 per cent of companies questioned reported that stocks were normal, compared with 79 per cent a month earlier, while 10 per cent said they were too small, compared with 9 per cent in May.

Only 10 per cent of companies said demand was insufficient in June, compared with 15 per cent in May, but more said that a shortage of labour was hampering production. In June, 16 per cent reported manpower shortages, compared with only 13 per cent in May.

The U.S. energy programme will benefit W. Germany's coal gasification industry, reports **Guy Hawtin** in Frankfurt

Forging ahead in the synthetic fuel race

WEST GERMANY, as the world's market leader in coal gasification technology, looks likely to be a major beneficiary of President Carter's $88bn programme to develop alternative energy sources.

The basic technology for coal gasification has been around for years in Germany. It reached its peak in terms of its importance to the nation in the last year of World War II when synthetic fuels, produced from coal, provided the substitutes needed to keep the wheels of the war machine turning following the loss of the East European oil fields.

After *the war coal-based* synthetic fuels were no longer needed. Mineral oil was once more freely available—far more cheaply than the substitutes. However, although coal-based synthetics were eclipsed, they were *by no means forgotten.*

The companies which originally developed the technology maintained both their faith in its future and the research spending. Now, after years in the economic wilderness, it looks as though that faith may pay off.

There are two leading German companies in the coal *gasification field.* Lurgi-Gesellschaften, the engineering subsidiary of Metallgesellschaft, and Krupp-Koppers, a subsidiary of the Krupp steel making concern.

The Germans say they have *such a clear lead* in the technology that, for the time being at least, they virtually have the field to themselves. They are the only people who can deliver coal gasification plant for the production of oil substitutes in *commercial* quantities with guaranteed performance levels.

About three dozen coal gasification projects are under way in the U.S. and about eight in West Germany. However, these involve largely experimental plants capable of producing between one and six tonnes of oil substitutes a day, according to West German analysts.

Lurgi and Krupp-Koppers, on the other hand, have both already supplied plants capable of 1,000 tonnes a day capacity. Furthermore, all the latest orders for coal gasification plant have, effectively, been split between the two concerns. Lurgi landed the order for a large coal gasification plant from China, while Krupp-Koppers secured the contract for a 600 tonnes a day plant sited at Rio Grande, Brazil.

The groups are also involved in many of the experimental projects, both in the U.S. and West Germany, which are seen as competing with the technology they themselves are currently offering. What they lose on the swings they are likely to gain on the roundabouts.

The salvation of West German coal gasification technology has been South Africa which is poor in oil but rich in coal. For obvious political reasons the South Africans have been anxious to cut back their dependence on imported oil supplies and coal gasification technology has been the chosen road towards this goal.

Both Lurgi and Krupp-Koppers have designed and constructed plant in co-operation with Sasol, the South African state-owned fuel company. Krupp-Koppers put up a 1,000 tonnes-a-day capacity gasification plant, equipped also for *the production of ammonia*, at Modderfontain, for African Explosives and Chemical Industries, the ICI associate company.

Lurgi has developed three gasification plants for the South Africans at Sasolburg. Furthermore, it has also been heavily involved in developing a competitive technology to gasification—the basic product of which is methanol—namely, coal liquefaction. A liquefaction plant, with an output of some 5,500 tonnes of "synthetic" petrol—Sasol—a day, is now nearing completion.

After the recent round of OPEC price rises, costs of fuel substitutes are becoming increasingly competitive. Krupp-Koppers, for instance, estimates that, assuming a coal price of $30 a tonne, methanol can be produced to compete with oil at $20 to $21 a barrel. Current contract prices for crude oil are about $20-$22 a barrel.

Methanol, however, presents problems as a motor fuel. Currently, it is used in a 10 to 15 *per cent mix with* ordinary motor fuel because twice as much of it is needed compared with petrol for the same mileage.

However, according to Lurgi, benzine and diesel oil can be produced from the methanol to compete with an oil price of $25 a barrel. Although this price seems high, even compared with current contract rates, the group points out that it takes four to five years to bring such a plant into commission—from planning to production—and that in that time the oil price is bound to rise further.

Capital investment costs are high. Lurgi reckons that a coal conversion plant for the production of benzine and light oil products costs between five and 10 times as much as for an equivalent crude *oil* refinery.

Krupp-Koppers reckons that a complete plant for the production of methanol from coal with an output of 1,000 tonens a day costs about $155m. A 1,500 tonnes-a-day plant works out at about $210m and a 2,000-tonnes-an output of 1,000 tonnes a day day plant, $250m. A subsidiary plant for the production of ammonia costs about $20m to $25m more.

The two groups' technology is considered to be ideal for the U.S. bituminous coal deposits where coal can be extracted at below the $30 a tonne mark. But, ironically, West Germany is unlikely to benefit, at least in the foreseeable future, from its home grown processes. At $80 to $90 a tonne extraction costs, German hard coal is still far too expensive.

However, Lurgi estimates that the vast deposits of brown coal in the Rhineland are ripe for exploitation. Methanol fuel, it says, can be produced from it to compete with an oil price of $23 a barrel.

FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscription rates $365.00 per annum. Second class postage paid at New York, N.Y. and at additional mailing centres.

Jordan and PLO links weaken

By Ihsan Hijazi in Beirut

RELATIONS BETWEEN Jordan and the Palestine Liberation Organisation are turning sour again.

Recent signs have shown that the reconciliation has cooled between the two sides, who were thrown together by their mutual opposition to the Egyptian-Israeli peace treaty.

An important hint has come from Mr. Yassir Arafat, PLO chairman, who had previously said that the U.S. had scored some success in making Amman change its attitude—which was one of total opposition—to the treaty.

Mr. Arafat made the remark in a speech at the beginning of this month and repeated it in an interview published in the Leftist daily, As Safir, on Monday.

Since President Anwar Sadat of Egypt undertook his peace mission to Israel in November, 1977, King Hussein and Mr. Arafat have met twice, on both occasions at the Jordanian town of Al Mafraq on the border with Syria.

The two leaders then declared that they were setting past differences aside. King Hussein, however, has adamantly rejected the PLO's request that he allow guerrillas to re-establish bases on Jordanian soil.

Jordan has made it clear through a declaration by Crown Prince Hassan 10 days ago that it has no intention of joining Syria, Iraq and the PLO in an eastern military front against Israel.

Last weekend the Jordanians sponsored a congress by some of their suppoters resident in the West Bank and in East Jerusalem. It ended two days later in a resounding show of support for the PLO, which is reported to have angered Amman.

King Hussein is understood to have kept his dealings with the PLO and Mr. Arafat to a minimum so as not to revive support for the resistance movement among his 1m Palestinian subjects.

King Hussein last week visited Saudi Arabia and Damascus amid speculation that he was trying to activate a new initiative for a Middle East settlement.

Israel to hand over second section of Sinai today

BY DAVID LENNON IN JERUSALEM

ISRAEL WILL hand over to Egypt a second section of Sinai today, despite disagreement over the UN force which should be stationed between the two sides.

In May, Israel returned El Arish in Sinai, to Egypt, and today will hand over a 10,000 square mile section along the Suez Gulf coast, up to 70 miles inland. By the end of next January, three more sections will be handed over, giving Egypt control of two-thirds of the peninsula.

While this aspect of the peace agreement signed in March is proceeding smoothly, a dispute has arisen over the UN force which is to help enforce the new arrangements.

It had been agreed in the peace treaty that UN observers should be stationed in Sinai. But the mandate of the 4,000-strong UN Emergency Force (UNEF) in Sinai since 1975 was to have expired at midnight last night.

Because of Soviet objections to renewing the UNEF mandate, the U.S. had proposed that UNEF should be replaced by observers within the framework of the UN Truce Supervision Organisation (UNTSO). Israel rejected this because UNTSO is answerable only to the UN Secretary-General.

Israel wants the observers to derive their mandate from the Security Council, so there can be no repeat of the incident in 1967, when the Secretary-General withdrew the UN force on the Egypt-Israel border at the request of Egypt.

The U.S. and Israel were involved in intensive discussions yesterday in an attempt to work out a compromise. Meanwhile, the Israelis were going ahead with the second stage of the Sinai withdrawal, which is being arranged and co-ordinated directly with Egypt, without any UN mediation.

Reuter adds from Tel Aviv: Mr. Shimon Peres, Israel's opposition Labour Party leader, flew to Egypt yesterday for three days of talks with President Anwar Sadat and other Egyptian Government leaders.

At Ben Gurion Airport, he said he was carrying a personal message from Mr. Menhem Begin, Israel's Prime Minister.

Mr. Peres said he would explain the Labour Party's hope that the peace agreement would soon become a new political reality through the normalisation of relations.

Warning on Soviet arms build-up

BY RICHARD C. HANSON IN TOKYO

THE REINFORCEMENT of Soviet military forces in the Far East has started to influence the military balance between the U.S. and USSR in the Western Pacific, the Japanese Defence Agency's annual White Paper, released yesterday, warned.

The Russians are close to a rough balance with the U.S. fleet, Defence Agency officials added.

Recent Soviet moves appeared to be in response to Chinese overtures to the West, particularly the deployment of the Soviet Kiev class aircraft carrier Minsk, and the planned stationing of the new "backfire" bomber in the Far East.

Since last summer, the USSR has also placed "considerable ground forces" with tanks and other fire power on two islands north of Japan, Kunashiri and Etorofu, which the Japanese Government claims as "intrinsically Japanese territory."

This year Japan will continue to concentrate its defence efforts on the qualitative upgrading of its forces, including the addition of early warning E-2C Hawkeye aircraft, naval vessels and ground force equipment.

The White Paper was issued one day before Mr. Ganri Yamashita, director-general of the Defence Agency, travels to South Korea for talks with defence officials there.

His trip marks the first time a Japanese Defence Agency director has made such an official visit, and has raised much speculation over the possibility of military co-operation between the two countries.

Japan's real growth '5% this year'

BY RICHARD C. HANSON

JAPANESE REAL economic growth this fiscal year is expected to be 5.3 per cent, with a slowdown in the rate of expansion during the latter half, according to a projection by the Mitsubishi Research Institute.

Fiscal 1980 growth will decelerate to 4.1 per cent in real terms, but successful implementation of Government inflation-curbing policies (and moderation on oil prices next year by OPEC) should lead to a comparatively prompt recovery from the "second oil crisis."

Mitsubishi's forecasts of 5.3 per cent growth this year (relatively high, although the official target is 6.3 per cent) projects that growth in the second half will fall sharply as inflation dampens real term spending and tighter credit policies depress investment activity.

The current account this year is expected to swing into deficit by $700m from last year's surplus of $12bn. The latest OPEC price increase will raise the value of crude oil imports this year by $7.8bn to nearly $32bn, Mitsubishi predicted.

Uganda aid conference opens today

By Michael Holman, Recently in Kampala

THE FIRST of two donors' conferences to discuss reconstruction of the Ugandan economy, attended by friendly Governments and international organisations, opens in Kampala today.

It takes place against a background of a serious political division marked last weekend by a partly successful call for strikes in support of ex-president Yusufu Lule, ousted in June after only two months in office.

The conference, which will be chaired by Mr. Jack Sentongo, Ugandan Minister of Finance, begins the country's three-part programme to revive an agriculturally-based economy devastated by eight years of neglect under the regime of Idi Amin and the war which led to his overthrow in April.

Uganda will be seeking commitments towards an emergency import programme worth Uganda shillings 880m (£63m) of basic necessities such as salt, sugar, cooking oil, soap, clothing and medicines.

The second part of the programme will cover petroleum products, agricultural and industrial needs, water services, housing and administration valued at Uganda Sh 5,171m (£369m).

The final part, to be discussed at the second donors' conference in October, will cover capital and developmental recurrent expenditure put at Sh8.6bn (£616m). The whole programme will be financed through external medium and long-term borrowings, grants and normal trading facilities.

Mr. Sentongo declared recently: "The economy is in ruins." In some areas this is literally so.

Equally serious is a more intangible loss. One of the few assets inherited by the post-Amin Administration has been dissipated by the controversial dismissal of Professor Lule. The euphoria which accompanied the end of the dictatorship has gone, and the nation is politically divided.

BOTSWANA STRUGGLES FOR INDEPENDENCE

Classic signs of poverty

BY QUENTIN PEEL IN JOHANNESBURG

WHEN THE Queen arrives today in Francistown, Botswana, she will be at the closest point of her African safari to the bloody guerrilla war in Rhodesia. Refugees from the war are crossing the nearby border at a rate of 600 to 700 a month. Rhodesian security forces have attacked kraals in Botswana on numerous occasions when they suspect them of providing a refuge for guerrillas. The most serious clash to date came when Rhodesian soldiers ambushed a Botswana defence force platoon, and killed a dozen men.

Although the Queen will do no more in Francistown than meet a few dignitaries on the tarmac and change aircraft for the flight to the capital, Gaborone, her overall impression of Botswana is likely to be of a country getting increasingly embroiled in the war. In southern Africa Botswana is an innocent bystander, struggling to prove its own independence, but getting caught up in the disintegration of white minority rule in the region.

A country the size of France, but with a population of only 790,000—there are four times that number of cattle—Botswana illustrates many of the classic symptoms of a truly impoverished state: high population growth, low educational skills, and the great majority of its population involved in tradition-bound, subsistence agriculture. Some 30,000 of its fittest young men are permanently away working in the South African mines for lack of any alternative employment at home. About 85 per cent of its imports come from South Africa, making the former high commission territory still overwhelmingly dependent on that country.

Nevertheless Botswana has made a determined effort to reduce her dependence on her neighbours, but only at a pace which would not create serious dislocation in the economy. The windfall discovery of diamonds at Orapa, between Francistown and the Okavango Swamps, and most recently at Jwaneng in the south, has provided the government with a good proportion of the revenues needed to do this. In addition, the combination of stubborn adherence to western-style democracy by President Sir Seretse Khama, and the conservative financial and economic policies he has pursued, have resulted in Botswana receiving more aid per capita than any other country in Africa.

All this could be jeopardised by the war in Rhodesia, by the guerrilla war in neighbouring Namibia (south-west Africa), and by the danger of increasing guerrilla warfare in South Africa. The most obvious destabilising factor is the refugees, which latest estimates put at between 20,000 and 21,000. The UN high commissioner for refugees is working on a forecast of 70,000 by next year.

The prospect of one-tenth of the population consisting of refugees is a daunting one for any government. The deteriorating security situation along the border has resulted in the creation of the Botswana defence force, a 2,000 strong body, equipped with several aircraft and with a budget for the current year of some pula 10m (£5.5m).

Despite some sensational reporting in the South African Press on the dangers of Botswana being swept by a new radicalism, the impression given by Gaborone and its inhabitants is one of continuing moderation, steering a course of non-alignment between the far more powerful forces at work within the region. If that is lost, senior government officials and the man in the street realise, so will be the fruits of steady economic growth since independence.

Sir Seretse has to face an election before the end of the year. Nobody seems to doubt that he will once more be returned with all but a handful of the seats in parliament. Nevertheless, there are those who fear that the polarisation in southern Africa must inevitably come to this successfully non-racial society too.

Already they point to projects being planned which have a more obvious political than economic content, such as taking over the railway from its present operators, Rhodesia Railways, and building a new international airport for Gaborone. But Botswana still remains above all, a middle-of-the-road mediator in the disputes of the region.

And one concern that Sir Seretse will most certainly make clear in his political contacts with the British Government is his fear that if Britain lifts sanctions against Rhodesia it will lead to an escalation, not a reduction, of the conflict.

New Zealand to limit wage rises to 4.5%

By Dai Hayward in Wellington

THE NEW Zealand Government intends to limit general wage increases to 4.5 per cent for the next 12 months.

In a special statement in Parliament last night Mr. Robert Muldoon, the Prime Minister, announced that existing wage-fixing regulations will be scrapped. Instead, the Government will introduce new laws to "influence" wages. The decision is certain to provoke angry reaction from trade unions. Many have wage claims for 10 per cent or more in the pipeline.

Whitelaw probe on Tote bets

The Home Secretary, Mr. William Whitelaw, is to order an independent inquiry into the Tote's betting procedures at the request of Mr. Woodrow Wyatt, chairman of the Horserace Totalisator Board, the Home Office announced yesterday.

After allegations in the Press about the transmission of Tote bets, Mr. Wyatt is calling in the police to investigate whether criminal offences have been committed. The Home Office inquiry will be without prejudice to any police action.

DEVELOPING COUNTRIES FACE DEBT CRUNCH

Philippines deficit at new peak

BY PHILIP BOWRING

ARE DEVELOPING countries heading for a debt crunch as a result of the latest oil crisis and the threat of a recession in the U.S.?

Most international bankers, confident that re-cycling will continue to iron out balance of payments wrinkles, profess confidence. Others, including IMF Managing Director Mr. J. de Larosiere, are not so sanguine in the face of developing country current account deficits which this year will reach a new peak of at least $50bn. Most of it will be attributable to the middle income nations of Asia and Latin America, which rely primarily on international capital markets to bridge their resource gap.

It is not possible to generalise about these countries, but a close look at one of them, the Philippines, shows two things:

1—That the immediate impact of the situation is quite severe and that the current deficit will rise despite sharply lower gnp growth in 1979; and

2—That the burden of debt accumulated since the 1974 oil crisis is beginning to weigh heavily on the economy, putting aside the earlier confident assumptions that the Philippines, like some similar economies, had brushed off the oil price and sustained 5-7 per cent annual growth since 1974.

The Philippines is very much a "middling" country, in size (43m people) and income (per capita GNP of $450 a year). Oil is a major import, but at 23 per cent of total imports it is not as dominant as for countries such as Brazil. Like most developing countries, it is primarily dependent on commodity exports, but has a broader range than many and also a small but fast growing manufacturing export sector.

Its debt service and debt plus GNP ratios, at about 20 per cent and 33 per cent respectively, are unexceptional. Exports are equal to about 15 per cent of GNP, indicating an economy with a substantial but not all-dominant external trade sector.

Last year, the Philippines had a trade deficit of $1.3bn and a current deficit about the same. Both were records, and so far this year the situation is looking worse. The first four months showed a trade deficit of $524m before the full impact of the oil price rise had made itself felt, and a current account shortfall of $1.5-1.7bn for the year is now forecast, roughly equivalent to one third of total exports of goods and services.

Meanwhile other aspects of the economy are not doing well either. Consumer price increases, which had been in single figures since 1974, are expected to be 15 to 17 per cent up as the government has been forced to allow prices of some goods previously kept artificially low to rise.

Growth of GNP this year is now estimated by private forecasters to be at best five per cent and will be lower still if bad weather spoils crops.

The Philippine economy is going badly wrong at a time when it should, according to earlier forecasts by bankers, have started to show big improvements. After all, this year the first offshore oil started to flow.

Output is building up to 40,000 barrels a day and this year some 12 per cent of consumption will be met from domestic sources. But that gain has been more than outweighed by the magnitude of the crude oil price increase. Oil imports will probably now rise 20 per cent from 1978's level of $1bn.

This year is the first since 1975 when the Philippines will not have access to the IMF extended fund facility. The money supply, borrowing and fiscal constraints imposed by the IMF under the EFF programme were supposed to have worked their medicine. But instead of having made some progress towards medium term adjustment, the object of the extended facility and its attached conditions, the Philippines is now worse off in almost every respect.

PRESIDENT MARCOS: Having to cope with growing difficulties.

No wonder concern is evident among the cool headed technocrats who head Manila's economic ministries. Projected budget spending has been sharply cut but still leaves a large deficit as revenues too are lagging.

Domestic credit is tightening and is expected to be held to an increase of about 20 per cent, which will mean very little in real terms. Industrial production is growing very slowly, and there is pressure for a devaluation.

On the external payments front, no crisis is impending. Reserves total a comfortable $1.9bn and the central bank has undrawn credit lines of around $500m. But confidence in the slightly longer term rests on the assumption that the trade position has scope for sharp improvement.

Last year was the best year since 1974 for the Philippines in terms of trade. According to official rough estimates they gained 9 per cent last year as import prices were almost stable, while export prices, led by coconut oil and timber, gained. Now those terms of trade are becoming worse again and could deteriorate further if recession fears dent copper and timber prices, as they did in 1974.

The country has been successful in recent years in diversifying exports, so lessening dependence on a few commodities. Last year electronics exports nearly doubled to $176m, almost as large as sugar, and garment exports have done well. But continued rapid expansion in these industries is threatened by weakening demand.

However, there should be continued growth of tourist receipts and transfers from Filipino workers overseas, mainly the Middle East. But these benefits may be outweighed by increases in interest charges on borrowings—of a total debt of $8bn probably 60 per cent is at floating rates.

The Government has attributed the size of the trade deficit in the first four months partly to stockpiling due to fears of oil induced price rises, tighter credit and devaluation.

The limit for 1979 is $975m in the new commercial loan approvals of 1-15 years maturity, the same as last year. After adding in official development assistance drawdowns of some $400m and subtracting loan repayments, the Philippines should see an inflow of term loans of about 1bn-1.1bn.

That leaves a substantial gap to be filled. Even last year there was, in addition to term loans, an increase in revolving trade credits of another $100m and a $360m fall in the net foreign assets of commercial banks, more than offsetting a $290m rise in central bank reserves. The setting up two years ago of an offshore banking system in Manila has effectively enabled the Philippines to step up its borrowings outside the IMF guidelines.

Faced with a substantially bigger current deficit and nearly static term lending, the Philippines is likely to have to resort to more borrowing through the FCDUS, more revolving trade credits, and more use of such devices as long-term leasing of high cost imported items such as aircraft.

The Philippines has achieved reasonably fine rates and long maturities partly as a result of the IMF "good housekeeping" seal. Though borrowing from the IMF itself has not been a significant part of the total, EFF and now standby conditionality has given confidence to private bankers.

But even if the current deficit stabilises at around last year's level and thus in time reduces as a proportion of total trade the debt burden accumulated will be felt for years to come. Though the debt is referred to by the government as borrowings to finance essential capital spending it remains in essence the financing of the oil-induced sharp setback in terms of trade which occurred in 1974 and has persisted ever since. Despite the gain in 1978, terms of trade were still 23 per cent below the 1972 level.

The debt build-up has not reflected either an increase in capital as a whole or of spending on export or import substituting industries. Fixed capital formation as a percentage of GNP has been static for four years and will almost certainly fall this year. The sharp improvement in capital formation which occurred between 1973 and 1975 was essentially a product not of increased foreign borrowing but of vastly improved fiscal administration.

The potential domestic political consequences of sharply lower growth for an economy already suffering from high unemployment and pressure on land and other resources, are disturbing.

Externally, the situation could be more than just a headache for bankers. Repeated among a number of similar countries it will prove a major problem for the capital goods exporters of the developed world. The willingness of countries like the Philippines to borrow their way through the last oil crisis helped to sustain demand in the west and shorten the 1974-75 recession. But that process cannot go on indefinitely. In 1973 OPEC planted a bomb under middle income developing countries. Has it now lit the fuse?

Banks' rights in takeover lending upheld on appeal

BY JOHN WYLES IN NEW YORK

THE FREDOM of U.S. banks to help finance takeovers of companies which happen to be their clients has been upheld in an important ruling in the Federal Courtof Appeali n Philadelphia.

The case, involving Washington Steel Corporation and Chemical Bank, has been closely watched by the banking community following a District Court judge's decision in February that the bank had violated its fiduciary duty to its client, Washington Steel, by serving as lead bank in financing a hostile bid from Talley Industries.

The District Court judge issued an injunction forbidding Chemical from lending funds to Talley and requiring Talley to post a $2m bond to cover any damages that might subsequently be awarded.

But the Court of Appeal has overturned this decision, arguing ina 19-page judgment that "we cannot fairly imply a duty whose sweep is as broad and whose restrictions are as severe as that urged by Washington."

Washington had contended thet Chemical's conduct was in itself aviolation of the law. The court ruled that not only was this wholly without precedent but,i n addition, its application was objectionable on important policy grounds.

The court added that if banks had a common law fiduciary duty not to deal with competitors of their borrowers, or even just potential acquirers of their borrowers, it "could wreak havoc with the availability of funding for capital ventures."

The case was returned to the District Court for a determination of damages.

Since Washington launched its case against Chemical, two other targets of hostile takeover have based legal challenges partly on allegations that their banks breached fiduciary responsibilities.

In March F. W. Woolworth levelled the charge against the Canadian Imperial Bank of Commerce, which was financing an ultimately unsuccessful bid from Brascan Limited of Canada. Last month, Harnischfeger filed a suit making the same allegation against Citibank involving a hostile bid from Paccar Inc.

Foreign banks proposal

BY DAVID LASCELLES IN NEW YORK

RESPONDING to the fast-growing foreign banking presence in the U.S., the Federal Reserve Board yesterday put forward proposals to subject them to the same non-interest-paying reserve requirements as major domestic banks.

At the moment, U.S. branches of foreign banks do not have to put up reserves on their deposits, a privilege which gives them a competitive edge over U.S. banks.

The Fed's proposals, which follow last year's International Banking Act, would subject the branches of foreign banks with assets of more than $1bn to reserve requirements ranging from 7 to 16½ per cent of demand deposits, depending on the size of these deposits, and from 1 to 6 per cent on time and savings deposits.

However, the branches would also enjoy new benefits, chief among them access to the Fed discount window (where funds are available at below market rates) and use of various Fed banking services at no charge. The foreign banks would be given two years to adapt to the new rules.

Membership of the Fed is not compulsory, and many small banks have been leaving the system to avoid having to put up reserves, a trend which the Fed says has weakened its control over credit policy.

As part of a drive to combat this trend, the House of Representatives last week voted to impose universal reserve requirements if and when the proportion of bank deposits subject to Fed requirements falls below 67.5 per cent of the total.

Soares leads Nicaragua mission

BY HUGH O'SHAUGHNESSY, LATIN AMERICA CORRESPONDENT

Sr MARIO SOARES, the Portuguese Socialist leader and former premier, is to head a mission of European and Latin American Socialists to Managua. The move is aimed at demonstrating support for the large social democratic element in the Sandinista Government and a willingness to assist it against any attack by extremists of Right or Left.

Sr Eduardo Kuhl, a roving envoy from the new Government is currently visiting Europe and has been emphasising the social democratic leanings of many guerrilla and civilian elements in the Managua Administration.

He attended the meeting of party leaders of the Socialist International held at the weekend outside Stockholm. The meeting welcomed the Sandinista victory and decided upon the mission.

Apart from Sr. Soares the delegation is expected to include Herr Alwin Brueck, Parliamentary State Secretary at the West German Ministry for Economic Co-operation, and members of the socialist parties in Austria, France, the Nordic countries and El Salvador. The Spanish Socialists have already sent a mission to Managua.

There is some determination among the parties represented that the Managua Government should not be obliged to depend on help from Cuba or other members of the Comecon bloc.

In London, the Foreign and Commonwealth Office said that British recognition of the Sandinista Government was being actively considered. An official from the British embassy in San Jose left yesterday for Managua on a fact finding visit. Meanwhile, the RAF Hercules transport was continuing to ferry relief supplies from Panama to Nicaragua.

William Chislett adds from *Managua: The Sandinista* guerrillas have quickly moved to fill the power vacuum created by the collapse of President Somoza's National Guard and the urgency of getting the ruined country back to normal.

While the provisional junta of "national reconstruction" is running the country from Managua on a consensus basis, in the rural areas the Sandinistas alone are in charge.

Because no one else can organise the people, the Sandinistas are controlling petrol stations, food distribution, repairing of damage and permits to leave the country.

"Militia" patrols stop cars, wanting to see credentials and barricades still litter the roads along with the shells of burnt-out vehicles. In the rural areas, youths wielding hunting rifles patrol the barricades.

The guerrillas have taken over local government buildings and set up "work brigades" and "cleaning brigades." Esteli, for example, used to have a population of around 20,000, but is now a ghost town of probably 1,000; the rest have fled to the hills, to Managua, or have been killed in the fighting. Gradually people are returning to their homes.

Sr. Soares . . . backing Sandinista moderates

In Leon, the country's first liberated area, "civil defence committees" have run the town during the heavy fighting and bombing.

The junta is likely to start to decide what to do with the captured guards and refugees this week. Officially, the majority are to have the opportunity to return to civilian life, and only those involved in grave crimes will be brought to trial.

The guerrillas have "people's prisons" for some captured guards where statements are being taken before a lawyer, a Sandinista, and a "people's representative."

U.S. officials to go to Vietnam

BY OUR WASHINGTON CORRESPONDENT

VIETNAM has agreed to allow U.S. consular officials to go to the country to process visas for refugees wishing to join their families in the U.S., it was announced here. But further arrangements, which could include U.S.-chartered aircraft airlifting people out of Vietnam, are still being discussed through the United Nations refugee office, the State Department said.

The arrangement, agreed by Vietnam at last week's Geneva conference, would be similar to flights organised by the State Department out of Cuba in the 1960s, and would relieve some of the refugees at least of the hardship of boat journeys across the South China Sea.

The job of the consular officials would be to identify those Vietnamese or ethnic Chinese with close relatives in the U.S. and thus eligible for immediate entry. The U.S. had previously provided Vietnam with the names of some 5,000 people believed to be eligible for U.S. visas, but only a tiny handful of these had claimed that right.

The State Department emphasised that the new moves were a humanitarian gesture, and did not confer any kind of diplomatic recognition.

Carter rival concerned over conservation

Kennedy energy warning

BY DAVID BUCHAN IN WASHINGTON

SENATOR Edward Kennedy has said that he will introduce into the Senate next week an alternative to the Carter energy programme, which would be based primarily on conservation and would eschew the Administration's crash programme to develop synthetic fuels.

Claiming that his plan could save up to 4m barrels a day by 1990, the Senator, in an address to the National Urban League in Chicago, warned that the Federal Government should not repeate with synthetic fuels the mistake it made with the drive to develop nuclear power.

Many environmentalists have *expressed concern about the* Administration's intention to create an Energy Security Corporation and to give it $88bn over the next decade to sink into coal gasification and liquefaction, and oil shale projects.

With the Massachusetts Senator, who has long led Mr. Carter in the opinion polls, attacking the President's foremost policy platform on energy, the focus of this week's meeting of the National Urban League, a prominent black organisation, was clearly on 1980 Presidential politics.

The Administration fielded a number of Cabinet heavyweights to address the black delegates, including Mr. Cyrus Vance, the Secretary of State, the newly designated Secretary of Health, Education and Welfare, Mrs. Patricia Roberts Harris, herself black, and Mr. Michael Blumenthal, the outgoing Treasury Secretary.

But despite this effort, which included an appearance by Mrs. Rosalyn Carter, the League declined to issue any endorsement of President Carter and decided instead to sit on the fence.

Truck sales plummet

BY OUR NEW YORK STAFF

TRUCK SALES in the U.S. are continuing to plummet under the impact of the petrol shortage and falling consumer spending. Total sales, including imports, tumbled 32.2 per cent in June compared with a year ago, leaving domestic manufacturers with swollen inventories and the need to slash autumn production schedules.

There are only two sources of comfort in an otherwise bleak prospect: demand for domestic and imported small pick-up trucks is soaring while heavy-duty truck sales are also running well ahead of a year ago.

Nevertheless, sales of all sizes of trucks, including imports, were 10.8 per cent lower in the first six months of this year compared with the same period in 1978. This slide has occurred almost entirely in the second quarter and compares with a much more modest 2.6 per cent drop in all car sales.

But domestic manufacturers are suffering worse than importers in both categories. Their six-month truck sales are down 16.5 per cent and their car sales 9.3 per cent.

Guyanese violence alarms ruling party

By Our Georgetown Correspondent

IN A pre-dawn attack on July 11 a group of armed men in army uniform, after overpowering the guards, placed bombs in a large three-storey building in Camp Street, Georgetown, site of the Ministry of National Development and the Secretariat of the Ruling People's National Congress (PNC).

The ensuing fire burnt out the building, along with a similarly large adjacent structure housing administrative offices of the Guyana Sugar Corporation (Guysuco).

Three days later, Father Bernard Darke, an English-born Jesuit priest and teacher, was fatally stabbed in a brief flare-up of street violence after court appearances of three academics who were jointly charged with arson in connection with the destruction of the two buildings. One of the accused was Dr. Walter Rodney, a noted Guyanese historian.

Father Darke was stabbed while taking photographs for the Catholic Standard newspaper, and a colleague was beaten. Quiet returned quickly but these incidents may have drastically altered the chessboard of Guyanese politics.

Anniversary

Three aspects immediately caused alarm bells to sound for the authorities. First, the raid came on the first anniversary of last year's controversial referendum, which removed the constitutional hurdle to the postponement of general elections by 15 months, keeping the ruling PNC in power to allow for the drafting and introduction of a new constitution.

All opposition groups, regardless of ideology, opposed the referendum. Critics said the announced results reflected a voter turnout of more than 70 per cent, as compared with the opposition claim that it was between 10 and 15 per cent. The Government got a favourable poll of more than 90 per cent.

The assembly drafting the new constitution is being boycotted by the major opposition party, the Marxist-led Peoples Progressive Party (PPP) and by *the Council of Churches, but* not by the Trades Union Congress and the right-wing United Force (UF), the minor opposition.

Second, the target of the attack was probably the most sensitive political institution in Guyana, a unique one combining a Goverment Ministry and the ruling party's secretariat.

The ruling party justified this combination saying there was a need to experiment with institutions in its peaceful revolution—its effort to reconstruct society along socialist lines within the confines of an inherited Westminster-type democracy—and to allow for administrative flexibility in a campaign to moblise Guyanese for national development.

Opposition groups maintained it was a cover to channel Government funds into party work.

Third, the nature of the attack itself has given rise to some speculation whether it was the work of army dissidents or persons with a close working knowledge of the army, which would be equally bad.

In the former, then the Government of Mr. Forbes Burnham, Prime Minister for the past 15 years, has a new and really serious problem on its hands, that of a threat of urban terrorism under the cover of army uniforms.

The ruling party reacted with anger to the attack. Its official New Nation *newspaper organ* insisted that "we are at war." Taking a more restrained approach, the Government seemed to treat the matter more legally than politically, making arrests after raids under the National Security Act and placing suspects before the court.

Militant

But among these taken in for questioning and subsequently charged are noted members of the militant Working Peoples *Alliance* (WPA), a pressure group about to become a political party and which has counterparts in many Caribbean islands where left wing politics have been on the increase. The best known of those arrested and charged is Dr. Rodney, who has been unable to secure a job at home, was banned from entering some Caribbean islands, and has emerged as a hero of sorts in the eyes of some Government critics.

The WPA responded with constant prolonged picketing outside jails where its people were held and staged a noisey protest demonstration outside the magistrate's court where Dr. Rodney and the others appeared. Despite prosecution objections they were released on bail.

When tensions began to rise and a showdown of some sort loomed, an entirely new dimension was added by the stabbing of Father Darke. His death had an instant sobering affect, serving to remind of the consequences of violence which had been becoming more frequent over the past year.

It brought an instant allegation from the alliance that the ruling party was plotting to assassinate Dr. Rodney, other leaders, some trade unionists, and journalists and lawyers, a charge dubbed as "ludicrous" by the PNC.

Overseas sales of Scotch whisky decline by 7%

BY RAY PERMAN, SCOTTISH CORRESPONDENT

EXPORTS of Scotch whisky fell by more than 7 per cent to 45.7m proof gallons in the first half of 1979, the first drop in overseas sales for many years. The industry has been used to a rising trend in exports, but it was hit this year by the lorry drivers' strike, which closed some distilleries *and bottling* plants in January.

The figures also suffer in comparison with 1978, which was an exceptionally good year for exports, helped by a rush by importers to fill their warehouses in advance of the export price rise of 12.5 per cent on January 1.

The high level of stocks abroad that this brought about has contributed to a drop of 25 per cent in shipments to the U.S., the largest overseas market for Scotch.

But Mr. Ian Coombes, the chairman of the information committee of the Scotch Whisky Association, said in Glasgow yesterday that higher prices had contributed to a rise of 5.5 per cent in the value of exports in the past six months to £309m.

"Because last year was exceptional, I have compared this year's results with these for the same period of 1977. They show an increase of 6 per cent over the two years, which is much in line with the rate of growth that we have achieved over recent years.

"Frankly, this is not an exciting growth rate, and it is well below our true potential. We are not likely to realise that potential, however, until some progress is made towards eliminating the many barriers which inhibit growth in many markets."

The association is awaiting the hearing by the European Court of an appeal by the Distillers Company, its largest member, against a European Commission ban on dual pricing within the EEC.

The ban, which led the company to withdraw some brands from the British market, effectively prohibits the sole distributor system, which the whisky industry maintains is essential for its export trade.

Mr. Coombes described the ban as the gravest threat faced by the industry, and already some European distributors were neglecting Scotch for the promotion of more profitable products.

Ford optimistic on car demand

BY KENNETH GOODING IN DETROIT

FORD FORECASTS that world car sales will rise by around 30 per cent in the next 10 years, and there should be a strong continuing demand for trucks as well.

This year the group expects the world auomotive industry to produce and sell more than 40m vehicles, according to Mr. Donald Petersen, executive vice-president for Ford International Operations.

The new type of passenger vehicles which will predominate in the 1980s will not be "world cars," but rather "rational cars," insisted Mr. Petersen. These would, by the end of the next decade, "make obsolete almost every passenger car manufactured in the 1970s."

He told the Automotive News congress here that the "rational car" was a giant step beyond the so-called world car. "It represents a brand-new generation of responsive and fuel-responsible vehicles, internationally linked by many common and interchangeable parts and components."

He suggested there were two important ways governments should act to pave the way for the "rational cars." There should be harmonisation of vehicle-testing standards worldwide. This would represent "a great step forward in eliminating many of the barriers that now inhibit the free flow of trade."

And governments should also "see the self-defeating disadvantages of erecting artificial barriers against trade to protect inefficient domestic industries."

Mr. Petersen added that only the eight car manufacturers currently producing around 2m a year would actually remain "contestants in the world market battle of the 1980s."

Many smaller, specialised companies were going to survive only in marginal or protected domestic markets. Few of them could afford the astronomical costs of developing new models without associating with larger companies or turning directly to government for loans, subsidies or even partnerships.

Hoover wins £2m order from Egypt

HOOVER of the UK has won an order to supply sets of parts of Hoover Junior cleaners for assembly in Egypt. Hoover engineers will assist setting up an assembly line in Cairo and the first cleaners are expected to be on sale in Egypt before the end of the year.

The contract between Delta Industrial Company and Hoover is worth over £2m. The order was won in the face of competition from Japanese, American, French and UK companies.

IDA's record year

The Irish Industrial Development Authority's latest annual report, shows that in 1978 the IDA paid £87.5m in grants to industry, and promised £154.5m in grants to new industries. The new industries negotiated last year are expected to create eventually more than 30,000 jobs, and will invest some £392m in fixed assets in Ireland.

Eighty overseas companies locating in Ireland for the first time will contribute £150m of the £392m investment; a further £67m will come from expansions by overseas companies already established in Ireland.

Soviet contracts signed by two Italian companies

BY DAVID SATTER IN MOSCOW

MONTEDISON, the Italian chemical and petrochemical concern, has won a L50bn (£26.3m) contract from the Soviets ot build a leather dye factory in the city of Ivano-Frankovsk in the western Ukraine.

The plant is to produce 2,000 tonnes of dye per year and will be built by Tecnimont, a subsidiary company with Montedison supplying the machinery and equipment. The dye is to be used in shoes, clothing and other consumer goods.

The learther dye contract was signed with the Techmashimport Soviet foreign trade organisation and was the second major contract of its kind signed by Montedison in the past two years.

In 1977, Montedison signed a contract to build a leather dye plant in Tambov, near Moscow. That plant was to produce 4,000 tonnes of leather dye per year, and the contract had a value of L75bn.

Meanwhile GEG of Italy has signed a contract worth $23m for the construction of livestock breeding and agricultural complexes.

The contract was signed with Tractorexport and calls for construction of a pig and baby beef factory and four plants for the production of special zoo-technical food and regenerated milk.

The pig factory is to produce 54,750 pigs for consumption per year while the baby beef factory is to produce 16,000 animals.

• The Bristol company, Masson Scott Thrissel Engineering—a member of the Molins Group—has won contracts totalling nearly £900,000 from the Soviet Union for replacement rotary cutting equipment used in gravure printing presses, it was announced yesterday.

New engines for container ships

STORK-WERKSPOOR of the Netherlands has won a Fl 45m (£10m) contract to re-engine four gas turbine container ships for operation by Seatrain Lines of the U.S., our shipping correspondent writes. The conversion, being carried out on fuel economy grounds, is to be executed at the Howaldtswerke-Werft shiprepair yard in Hamburg. It is the largest order received so far for the Stork-Werkspoor nine-cylinder TM620 engine, two of which will be required for each vessel.

Iran may moderate takeover programme

By Pauline Jackson in Tehran

NATIONALISATION of banks and industries in Iran may not mean a complete takeover by the state as earlier envisaged. Government officials said this week that small shareholders may be allowed to retain their shares in banks and that shares in many industries which have been taken over may be offered to the public.

At the Central Bank of Iran annual meeting this week the Bank Governor, Mohammad Ali Mowlavi, said that shareholders in Iranian commercial banks, which were declared nationalised on June 8, had been divided into three groups: large shareholders, small and medium sized shareholders and foreign shareholders.

He said that the large shareholders would not receive any compensation from the Government because they already owed more to the Government than the real value of their shares. Foreign shareholders, he announced, would be fully compensated according to the foreign investment law of Iran. However, they would not be able to continue their participation in the Iranian banking system. Mr. Mowlavi said foreign bankers would be invited to set up a consortium to invest in Iranian industry and agriculture.

In the case of the third group of shareholders, Mr. Mowlavi said no final decision has yet been reached. The Government might offer these small shareholders compensation or it might allow them to retain their shares.

The nationalisation of industries announced on July 5 is also being interpreted as meaning Government control and management rather than Government ownership.

The Minister of Industries and Mines, Mahmoud Ahmadzadeh Heravi, said this week that the Government had taken over the holdings of the nation's most prominent capitalists so that their shares could be sold to the people.

Such industries will be nationalised only in the sense that their management will be in the hands of civil servants but even this will be shared with workers' committees, the Minister said.

Foreign companies which had joint ventures in Iran with members of the list of 51 "big capitalists" whose shares were taken over, report that they have received no notification on their status but have heard from some sources that they also may be allowed to retain their shares.

China-Australia trade talks

Sales of Australian grain, sugar and iron ore to China would probably continue at substantial levels for the next ten years, Sir William McMahon was told in Peking yesterday, our Peking Correspondent writes. The prediction was made by Mr. Sun Sochag, a director of the Chinese Foreign Trade Ministry. Purchases from Australia, China's fourth-largest trading partner, had reached a value of $900m last year, he was told.

ECGD'S 60th ANNIVERSARY

Still thriving on risky business

BY LORNE BARLING

THE Export Credits Guarantee Department yesterday notched up 60 years of its existence, during which it has skilfully, with little apparent error in judgment, walked a tightrope between Government and commercialism.

As the only British Government department directly involved in the business of risk it has a unique position, zealously guarded by its senior officials, past and present. Its reputation is high both at home and abroad and, despite the sometimes staggering complexities of its business, it is as adaptable as ever.

Historically, relations with the Government of the day have been changeable, usually in direct relation with the amount of interference, and Whitehall battles have been won and lost.

Considering the size of ECGD's insurance commitments over the years, claims payments have been minimal, with some notable exceptions such as the Brazilian exchange collapse in the early 1950s, which cost nearly £30m in claims.

The development of the department to the present day is outlined in A History of ECGD: 1919 to 1979, which is published to coincide with its anniversary. It traces the introduction of its many and varied insurance schemes, some phased out and quickly forgotten, and others which proved to be milestones in international finance.

One of the main architects of ECGD was Sir Otto Niemeyer, who, in 1930, chaired a committee which absolved the department of its early losses, and recommended that future operations be conducted on a commercial basis, rather than as part of government.

His report also made the fundamental point that the provision of credit insurance facilities, on the best possible terms, depended on securing sufficient annual turnover of business. This led to the widening of insurance cover and the introduction of the comprehen*sive policy.*

Since then the Department has cleared numerous hurdles in providing supposedly risky services, each considered at the time to be near the limit of its capability, but with hindsight seen as comparatively modest.

"We did a lot of agonising in the old days," explains Mr. Ken Cotterill, Deputy to the Secretary of the Department. "In the 1950s and 1960s we thought we were living in a very complicated world, but we don't seem to have time to agonise these days."

At that time Britain was learning the truth about its position in the commercial world. As the economies of Japan and West Germany revived, UK manufacturers realised how difficult it was going to be to compete in the post-war world.

The UK was also losing its hold on previously captive markets and industry began to react, belatedly, by selling abroad more widely. At the same time the post-war sellers' market was ending, and buyers began to dictate their own terms.

Until then any form of long-term credit had been regarded with extreme suspicion, particularly by the banks, which believed five-year loans to be excessively long. But faced with the international challenge, *opinions changed.*

In 1955 the department was able to offer its Extended Terms Scheme, providing cover on credit of up to two years, and it was eventually extended to five years. Now, as then, the world's credit insurers continue to examine ways of pushing the frontier outwards.

ECGD recognises anything beyond five years is still dangerous, and some within the department believe that the whole ECGD system is being stretched to its limits now, as are export credit organisations in other countries.

Despite the actions of the Berne Union, which Britain joined as a founder member in 1934, international competition has led to progressively cheaper credit and longer terms. The French and the Japanese are widely believed to be the most resourceful competitors in this field.

Speculating on the future role of ECGD some of those in the department take the view that another 10 years will see far greater EEC co-operation on export credits, perhaps in the form of joint European bids for contracts.

The main restraints on achieving this are seen as the lack of a common currency and the various national predelictions for doing things their own way.

In terms of world trade, they believe there will be great changes as advanced developing nations, such as Brazil, South Korea and Mexico become fully industrialised and powerful trading nations. The poorer countries may become a social as much as a trade question.

ECGD accepts that while Britain was once near the centre of the industrial world this is no longer so. However, the future of ECGD is tied to British industry, and it will give all the support it can, although ECGD is uneasy about certain aspects of cover, such as buyer credits, which sometimes creak under the strain put upon them in order to support UK manufacturers competing for the limited number of major projects now on offer in the world.

The continued use of the "matching doctrine," which has led to various countries leapfrogging each other on credit terms, is now seen as approaching a point where it is against the interests of exporting countries.

In the U.S. a strong anti-subsidy feeling in Washington competes with the desire to do more for U.S. exports. Although this could be interpreted as an encouraging factor in the otherwise universal trend towards unprofitability favourable credit terms, the outlook for credit insurers everywhere appears to be highly competitive.

In the next decade ECGD is almost certain to find, as before, today's problems will pale into insignificance when compared with the new challenges which they will undoubtedly be ready to meet.

In the year ended March 31, the value of UK exports insured by ECGD rose to more than £14.5bn, 12 per cent higher than the previous year; and maintained ECGD's 33 per cent share of all UK exports. Claims paid by ECGD also reached a new peak of £134m, a 42 per cent increase over the previous 12 months. The number of UK exporters holding ECGD guarantees was the highest level ever at 12,318, an increase of over 600 policyholders in a year.

It relaxes you on the M6. Impresses you on the A38. Excites you on the B4012. And attracts admiring glances in Regent Street.

The quite exceptional car we refer to is the elegant and stylish Gamma Berlina you see pictured here.

To begin with, we have unashamedly spoilt the driver and his passengers. (In particular, it is our belief that if a driver lacks for nothing, he will feel more relaxed and alert, especially after long journeys.)

The interior is extraordinarily roomy. Thick pile carpet is fitted door to door. The roof is beautifully quilted. And the seats, which can carry five adults in extreme comfort are contoured and thickly padded. In addition, they have adjustable head-rests and are covered in an elegant and luxurious cloth fabric.

The steering wheel is adjustable, the windows electrically operated and the driver's seat can be adjusted for both height and tilt.

In terms of performance, especially on major roads, the Gamma is a thoroughbred Lancia. The powerful 2.5 litre boxer engine gives impressive acceleration when you need to overtake, with a smooth 5 speed gearbox, as well as a top speed of over 120 mph. Like every Lancia, the Gamma has front-wheel drive for impeccable handling and roadholding on the twists and turns of winding country roads.

Steering is power assisted and should you meet a flock of sheep en route, dual system brakes provide exceptional stopping power. Which means that the Gamma handles like a car half its size.

Finally, we feel certain that the restrained elegance of the Gamma Berlina will not go unnoticed in the traffic jams around town.

You will be relieved to know that this car carries a very sensible price tag which will not deter even the most austere of financial directors. (You might mention too, that the new 12,000 mile service intervals practically halve servicing costs.)

If you would like to test drive the Gamma Berlina, talk to your Lancia dealer. He'll be happy to prove that the claims we make for this car are a refreshing reality. At the same time ask him about our special leasing schemes, which offer some striking financial advantages.

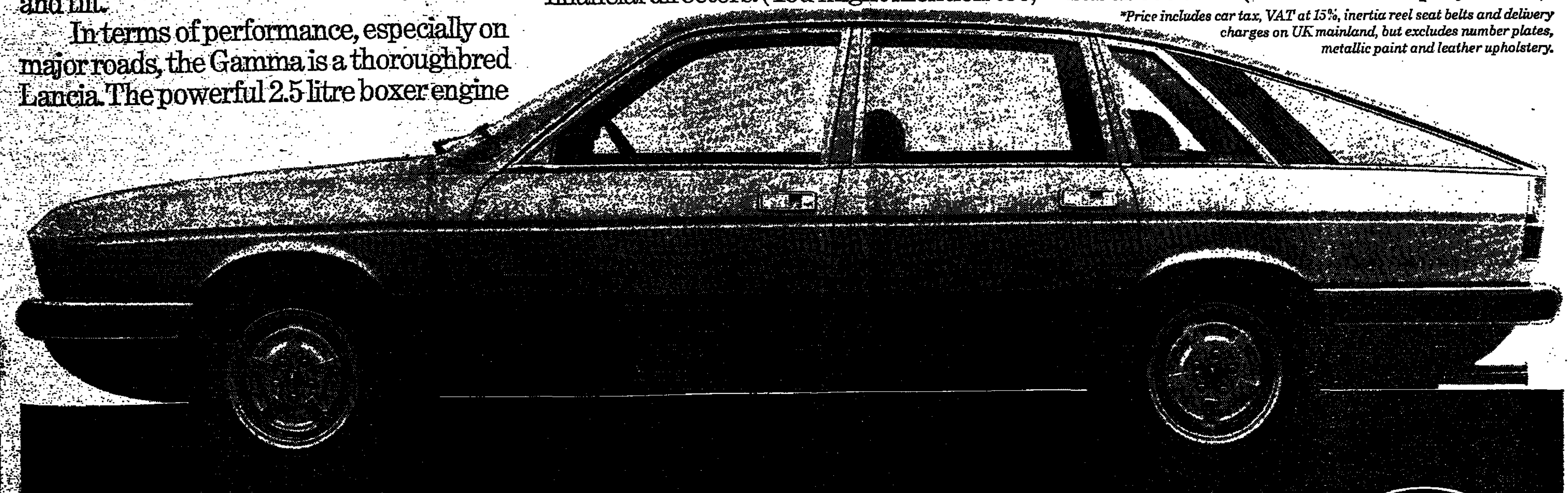
Or if you are eligible to purchase a Lancia free of taxes, contact our Export Department.

LANCIA

The most Italian car.

Lancia (England) Ltd., Alperton, Middlesex.
Tel: 01-998 5355 (24 hour sales enquiry service).

**Price includes car tax, VAT at 15%, inertia reel seat belts and delivery charges on UK mainland, but excludes number plates, metallic paint and leather upholstery.*



The Lancia Gamma Berlina. £7,598.34*

Foundry industry urged to seek Government aid

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

LEADERS OF Britain's foundry industry will today consider whether to seek Government aid to "avoid the worst effects of uncontrolled decline in foundry numbers and employment."

The recommendation will be put to the Economic Development Committee for foundries by Mr. Tom Kilpatrick, its chairman. In a background paper, he warns that on current forecasts of decreasing demand another 200 or more iron foundries could close by the mid-1980s.

Apart from the loss of jobs, struggling companies might, as in the past, "resort to a desperate policy of suicidal price-cutting," he says. This would reduce general price levels, although profits were already low. Much damage would be done to other efficient foundries vital to British industry.

Mr. Kilpatrick suggests that Government help should be aimed at minimising price-cutting and alleviating "hardship to employees, who, without an aid scheme, might suffer more through an uncontrolled rundown of the industry."

However, the chances of such a scheme getting off the ground must be slim. The trade unions at today's meeting are expected to be suspicious of any plan to contract the industry.

The Government, with its commitments to a reduction in state intervention and public spending, is likely to show little sympathy.

Mr. Kilpatrick will argue, however, that the industry is not asking for an increase in funds. He will point out that £120m in Government grants available under schemes to aid the ferrous and non-ferrous foundry industries will not be taken up. He will suggest that any shortfall could be directed to a scheme for restructuring the industries.

The Council of Ironfoundry Associations has forecast that demand for castings in 1985 will be 300,000 tonnes down on the 2.7m tonnes of last year.

At the same time, capacity, stimulated by the Government-aid scheme, is expected to increase by 300,000 tonnes, creating a surplus of about 600,000 tonnes. Even if closures under way remove 100,000 tonnes, the council forecasts 20 per cent spare capacity.

Mr. Kilpatrick draws attention to the failure of the British engineering industry, particularly the automotive sector, to expand demand. The industry aid schemes were introduced on the unrealised assumption that growth would be about 3½ per cent a year.

The foundry industry is concerned that spare capacity througout Europe is contributing to increased imports, particularly from the European Economic Community, Spain and Portugal.

Halma expands

HALMA, manufacturer of environmental control and industrial safety products, yesterday announced the formation of a new subsidiary company, S & P Coil Products which will start trading on October 1, 1979 from a site in Leicester.

Lloyd's man to testify in U.S. case

FEDERAL LEASING INC. of the U.S., which is suing Lloyd's of London for a total of $628m (£271m) on computer leasing insurances, has obtained a court ruling in America that one of the lead underwriters on the insurance business must testify on or before August 6.

The underwriter is Mr. Edward Street-Porter, and he will have to answer questions on oath put by Federal Leasing's lawyers on matters relating to the computer insurances. Another Lloyd's principal, as yet unnamed, will also be required to answer questions.

Federal is claiming $28m in unpaid claims from Lloyd's as part of its action and $600m in damages. Federal has also named a number of insurance companies in the London market in its action.

Computer leasing insurances were arranged by leasing companies to insure against their customers terminating leases earlier than the contract date. If they did, the computer leasing company could claim on its insurances and cover its obligations to the financial institutions which had backed its operations.

New IBM models launched on the market in 1978 caused many customers to give notice of the cancellation of their leases. Lloyd's has been presented with a possible loss of $225m on the business, the largest in its history.

The 55 Lloyd's underwriting syndicates involved have been given until August 13 to answer Federal Leasing's complaint, but there have been moves by Lloyd's lawyers both sides of the Atlantic to arrange for a later date for reply.

Lloyd's underwriters are also being sued by Bank of Lincolnwood of Chicago for $10m punitive damage claims. Bank of Lincolnwood's action arises from the computer business and an action which it has launched against Federal Leasing.

Bank of Lincolnwood is seeking to recover money from Federal, in connection with its leasing insurance arrangements at Lloyd's.

Federal used its Lloyd's computer leasing policy as collateral for loans it arranged with Bank of Lincolnwood to finance its operations.

Teaching may escape cuts

By Michael Dixon, Education Correspondent

PLANS TO protect teaching and other central educational work from the effect of the £400m cuts required by the Cabinet in the 1980-81 education budget will be disclosed to local authorities by Mr. Mark Carlisle, Secretary for Education and Science, next week.

Mr. Carlisle wishes to find the savings largely from ancillary services, particularly school meals where he hopes to halve the present annual subsidy of nearly £400m by freeing local authorities from their obligation to sell the meals at only 25p.

Although the previous Government repeatedly tried to reduce the subsidy on school meals from its level of more than 50 per cent, the attempts were frustrated by pressure from the TUC.

The Education Secretary has decided, however, that rises in the selling price are essential to his policy of preserving the "central core" of education while trimming the £8.5bn annual budget by 4 to 5 per cent in 1980-81, on top of economies of possibly £200m

FINANCIAL TIMES CONFERENCE: BUDGET 1979

Profits warning to industry

FINANCIAL TIMES REPORTER

REAL PROFITABILITY of British industry was likely to be halved this year, Sir John Greenborough, president of the Confederation of British Industry, said in London yesterday.

He told a Financial Times conference, Budget 1979, that the CBI was forecasting real profits of only 3 per cent this year, excluding the North Sea sector. This compared with more than 10 per cent in the late 1960s.

Britain's international competitiveness had recently worsened dramatically, Sir John said. Since 1979 unit labour costs had risen by 25 per cent more than those of overseas competitors.

At the same time there had been a very big shift out of profits into wages. However, the present economic climate was one that would reduce companies' ability to pay higher wages.

Retail prices

Sir John said that with high inflation the best way for unions to protect members' living standards and jobs was to accept wage increases well below the level of the last round. This would lead to lower prices.

It was essential that the rise in the Retail Price Index did not produce a reaction that pay increases of the same order were automatically justified.

He said that while the index might have risen 16 per cent over the year to August, in real terms the average married man with two children had lost less than half that amount.

Sir John said junior and middle management had not yet received the pay and tax treatment they deserved. "We have got to do more for them to encourage them to more effort," he said. "They are on the sharp end of any recovery."

Mr. Edgar Palamountain, chairman of the M and G group, told the conference that there was some evidence that the long-term decline in personal investment has been arrested by the Budget.

The shape of the Budget tax changes should encourage savings and investment rather than consumption. "Since savings and investment are quite largely what the City is about, there can hardly be any doubt regarding the City's verdict."

Mr. Palamountain said the City thought the Chancellor did a good job in the Budget for the following reasons:

- Reduction of personal tax rates must lead to greater freedom in the economic choices of individuals. Transfer of spending power to the people should improve the distribution of goods and services, including financial services.
- The pattern of the tax changes was likely to release more funds for private investment, encouraging wider share ownership and improving the securities market.
- Lower rates and higher thresholds should encourage entrepreneurs to set up companies and then bring them to market.
- Dismantling of exchange controls facilitated by a strong pound, simplified and improved international business.
- A strong pound reduced the rise in the cost of living and pressure on savings. Restoration of confidence in sterling would bring more business back to London.

Mr. Richard Morgan, director of banking group J. Henry Schroder Wagg, said the total once-for-all adjustment to the recent relaxation of exchange controls was likely to be a capital outflow of £2.5bn to £3bn.

Confidence

The additional long-term capital outflow could be as high as £1.5bn a year. The speed and degree of adjustment would clearly depend on expectations for sterling, as well as the relative attractions of domestic and overseas capital markets.

These figures took no account of compensating inflows on long-term capital account as a result of increased confidence in the UK by non-residents.

Mr. Morgan pointed out that to put the figures into perspective, a one-month leads and lags shift in payments for imports and exports would cause a short-term flow of up to £5bn.

He would be surprised if the total abolition of controls made any but a temporary difference to the level and course of sterling. "I expect sterling to fluctuate about a rising—hopefully less steeply rising—trend as long as the policy priorities continue as they are now.

On direct investments there was no evidence of large pent-up, unsatisfied demand, which would cause an immediate outflow of new investment. There could, however, be a sudden shift towards re-financing, but this was likely to be limited.

However, if about 10 per cent of the total £9bn outstanding borrowings were to be re-financed, there would be a once-for-all outflow of about £1bn.

If a 20 per cent increase in the underlying rate of net direct overseas investment of about £2bn were to occur, and this would be financed 50 per cent overseas and 50 per cent in sterling, then the extra annual outflow in the future would be about £200m.

Prof. Cedric Sandford, director of the Centre for Fiscal Studies, University of Bath, told the conference that the Budget made a notable contribution in increasing the efficiency with which revenue was raised.

There was a reduction in administrative costs for the Inland Revenue and Customs and Excise in the switch from direct to indirect tax. The simplification of income tax and the investment surcharge reduced the compliance costs of taxpayers by an even greater amount.

The tax switch was also likely to generate a net reduction in the amount of tax evasion with consequent revenue increase. Avoidance might also be discouraged.

Actors appeal to Premier in protest against cash cuts

FINANCIAL TIMES REPORTER

MORE THAN 3,000 members of Equity, the actors' union, yesterday marched through London's West End in a protest against increases in VAT and cuts in Arts Council grants and public spending.

In its Budget the Government announced reductions of about £5m in the arts, most of the savings coming from cut-backs in housing the arts. But the Arts Council also had its 1979-80 budget reduced by 2 per cent, or £1.14m. As a result its beneficees are being informed that their grants are being cut by 2 per cent across the board.

This cut-back is a double blow for the subsidised theatres, orchestras, ballet and opera companies because they have also been affected by the rise in VAT on ticket sales. The VAT rises have caused problems too for the commercial theatre, especially in the West End.

Crisis point

Sir Ralph Richardson, aged 76, who took part in the march, said: "Live theatre in Britain is acknowledged as the best in the world, yet we are among the most undersubsidised.

"The Scrooge-like cuts by the Government will only worsen what is already a critical situation. It cannot continue."

Equity's general secretary, Mr. Peter Plouviez, said: "We have been struck by a triple blow—massive VAT increases allied with cuts in the Arts Council grant and local government spending."

The marchers lobbied Parliament, and a deputation led by Mr. John Barron, Equity's president, handed in a letter to the Prime Minister, Mrs. Margaret Thatcher. She was urged to take action to prevent damage to live arts and entertainment.

A determined Sir Ralph Richardson (centre) joins in the march to denounce the "Scrooge-like cuts" in Government support for the arts.

The letter said that while successive governments had recognised the need to meet their responsibilities to the arts, the extent to which the live arts were being supported by the state and local authorities still "falls lamentably short of that in the other countries in the EEC.

"In some of these it has been found possible to exempt the theatre altogether from VAT or to impose a lower rate as a means of sustaining or encouraging live performances."

Equity said that it was not in any sense part of a "lame duck industry." It said that it could be demonstrated that, for a relatively modest investment, the nation received a handsome return.

For example, more than 50 per cent of foreign tourists in the UK said their main reason for coming was to see British theatre, said Equity.

It continued: "Less easily quantifiable, but no less true, is the fact that our unrivalled and, to the nation, profitable television industry derives its high standards and international reputation to no small degree from the existence of our theatres and other places of live entertainment."

The actors' union also reminded the Government of its own discussion paper, The Arts, The Way Forward, published last year, in which it was said that the arts should be protected from across the board expenditure cuts.

Kaiser Aluminium will open fertiliser factory in Wales

BY RHYS DAVID

KAISER ALUMINUM and Chemical Corporation, of Oakland, California is planning to begin fertiliser manufacture in Britain, at a new factory in Wrexham, North-East Wales.

The company has agreed on a site with the local authority, and is expected to make a formal announcement shortly. The company declined to give details yesterday of likely output or employment at the plant, but it is understood that production will involve blending of granular materials to produce amomnia-based fertilisers.

Kaiser is one of the world's six big aluminium companies, but is also involved in a range of diversified activities including fertilisers. It distributes to the main U.S. agricultural states from its fertiliser headquarters in Savannah, Georgia, and through Kaiser Trading in London sells some production to other farming markets, including Europe.

The development would be Kaiser's second major investment in Wales. The company was one of the three original shareholders with Rio Tinto-Zinc and BICC in the 100,000-tonne-a-year Anglesey Aluminium smelter set up in 1967, and following BICC's withdrawal acquired a majority shareholding.

Highest

The fertiliser project was under discussion with the local authority before the recent Government decision to include Wrexham, previously a development area, in the list of towns which will now qualify for special development area grants. The investment will as a result attract the highest rate of support for industrial projects now available.

Unemployment in the town, a mining centre until the 1960s, is more than 11 per cent, but this is likely to increase with closure of steelmaking at Shotton, some 12 miles away.

Though unemployment remains high, the area has had remarkable success in attracting new industry in recent years.

Apart from Kaiser, companies planning operations there include Continental Can, building a plant for two-piece beverage cans, and ERF, the lorry manufacturer.

Plants have recently been established by Kelloggs for breakfast cereals; J. C. Bamford, the industrial equipment manufacturer; and E. Gomme, furniture-makers.

Agency in bid to end Ulster bike deal

By Our Belfast Correspondent

THE NORTHERN Ireland Development Agency is seeking to end an agreement it made last month to aid the production of motorcycles in Belfast.

The deal was agreed with E. Cotton Motorcycles of Bolton for the production of two types of motorcycle, one of them a newly-developed 250cc racing machine.

It was heralded by the agency as an attempt to challenge "the dominance of the Japanese" in motorcycle racing.

But, Mr. Terence Wilson, managing director of Cotton Motorcycles, said yesterday the agency was backing out of the deal and seeking repayment of cash already committed. The figure involved is understood to be £15,000.

The agency was thought to be concerned that the racing motorcycle was not given sufficient outings on the race track. Production was to have started within a few weeks and sales would clearly rely on its racing success.

It was hoped that the deal would have created several hundred jobs in the first year of production.

Crown Estate surplus up 19%

BY PAUL TAYLOR

RISING London and agricultural property rents helped the Crown Estate to increase its net income surplus by almost 19 per cent to £6.98m last year.

The Estate, which derives its income from assets handed to the Exchequer by the Queen in 1952 in exchange for her Civil List income, is benefiting from rent reviews on its commercial and agricultural properties.

The Crown Estate Commissioner's report for the year ending March 31 shows that receipts rose by £2.2m last year, and expenditure by £1.2m.

Agricultural rents from the 178,066 acres owned by the Crown Estate in England increased by about £700,000 to £3m last year. In Scotland rents from 87,730 acres of agricultural land rose by more than £68,000, to nearly £473,000.

Mineral royalties, mainly from dredging sand and gravel from the sea, produced more than £1.3m in gross income. A record 92,500 visitors to the Savill Garden at Windsor brought gross receipts increasing by 36 per cent to £116,500.

Gross rents from urban estates increased by more than £1.1m to £9.1m. After allowing for about £500,000 held over in balances from the previous year, together with the £1m voted by Parliament to the Crown Estate last year, and the net income surplus, a total of £8.25m has been paid into the Exchequer's consolidated account.

Airline sale 'a year away'

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE GOVERNMENT'S plan to sell a "substantial minority" of the shares in British Airways, the State-owned airline, is not likely to happen for at least a year.

Mr. John Nott, Secretary for Trade, said in London yesterday that the Government had not yet committed itself on the timing of the share sale. The necessary legislation was likely to take at least nine months to be drafted, and enacted, he added.

This meant that the shares would be unlikely to be publicly offered for at least a year. He reiterated the Government's statement of Friday, that the timing of the sale would depend upon the prevailing market conditions.

The shares sale, part of the Government's long-term industrial strategy to disengage itself progressively from industry, is expected to ease the public spending burden by up to about £1bn over a period of time.

Lloyds Bank loan schemes

LLOYDS BANK is to introduce two loan schemes aimed at companies with an annual turnover of about £100,000 or more.

The first scheme, the asset loan, will enable businesses to buy equipment, vehicles and premises. Loans will range from £5,000 and £25,000 for up to five years, with interest charged on a flat rate basis with fixed monthly repayments.

The second scheme, the enterprise loan, is mainly for buying fixed assets and ranging from between £25,000 and £250,000, though the upper limit is flexible.

The normal loan term would be 10 years, with interest charged at between 3 and 5 per cent over base rate.

NEDO urges computer links with Americans or Japanese

BY JOHN LLOYD

THE COMPUTER industry should consider links with U.S. or Japanese companies to increase its competitive strength, says a report yesterday by the computer-sector working party of the National Economic Development Office.

The report, by the working party's multinationals sub-committee, says that the Japanese have concentrated efforts on competing with IBM, which holds 60 per cent of the world market, and that "the battle between the Japanese and the Americans for world computer markets may prove to be the single most important factor in the 1980s in determining the structure of the worldwide supply industry."

The report states that "casualties among companies caught in the crossfire could be considerable." While International Computer (ICL), the UK computer manufacturer, is not named, it is clearly thought of as a possible "casualty," together with other independent manufacturers.

The strategy of linkage proposed by the sub-committee for consideration by the working party is similar to that put forward by the consumer electronics working party some months ago.

That report, based on a pessimistic survey of the consumer electronics industry, recommended a virtual takeover of large sections of the industry by Japanese companies.

Adequate

Other recommendations on multinationals include:

- Foreign-owned multinationals should receive selective assistance for new ventures only on condition that they continue UK production for a set period.
- Multinationals should be encouraged by the Government to increase their local purchase of parts, sub-assemblies and services.
- The Government should review with the multinationals the scope for substituting imports of sub-assemblies and equipment for UK manufacture.
- Public-sector contracts for new applications should be offered first to home suppliers.
- The Government should tackle the shortage of highly qualified personnel, and ensure an adequate supply in future.

On contribution of foreign multinationals to the balance of payments, the report says that it is not clear if these companies make a net contribution. "The net result, however, is that the UK has a substantial and deteriorating balance-of-payments deficit — 1976 £110m; 1977 £150m; 1978 possibly £200m."

Apart from ICL, which already gains half its orders from overseas, only the foreign-owned multinationals "can influence the balance of payments in the kind of way the sector working party would see as desirable."

Galsworthy's papers fetch £48,000

THE PAPERS of John Galsworthy made the highest price, £48,000, at yesterday's sale by Sotheby's of autograph letters, literary manuscripts and historical documents. The diary of Nijinsky, in Russian, went at £45,000 against a pre-sale estimate of over £50,000. The Galsworthy papers were bought by John Fleming, New York, and the ballet dancer's diary, written in the winter of 1918-19 just before he lapsed into insanity, was bought by Colin Franklin, Oxford.

SALEROOM

PAMELA JUDGE

The second and last day of the sale amounted to £223,557, bringing the total to £280,437.

Quaritch gave £10,500 for one volume of the celebrated diary by the Rev. Robert Kilvert. The period covered is April 27 to June 10, 1870. Letters from Edward Thomas to his friend and fellow-poet dated between January 15, 1909, and April 4, 1917, just before his death in the war, went to B. Rota for £10,000.

Eight autograph poetical manuscripts and drafts by W. B. Yeats fetched £7,500 from an American dealer, and an autograph manuscript of his poem "The Ragged Wood" was bought by Quaritch for £2,300.

Clocks and watches went under the hammer at Phillips for £82,120. Lipton paid £2,800 for a 19th century lyre clock, the bleu-de-roi porcelain case mounted in ormolu. Morsel gave £1,000 for an 18th century Friesland Stoelklok, the painted dial within painted and cast lead frets, and Beetle and Poker bought a Swiss early 19th century quarter-repeating musical watch for £1,700.

Tribal art at Christie's made £42,361. Entwistle paid £4,200 for an Azande wood standing mother-and-child group.

Objets de vertu and Russian art totalled £47,670. A set of six gold-mounted Faberge dress studs with cabochon moonstone centres went to Wartski at £2,100, while a Swiss circular gold snuff box of the late 18th century made £1,700.

Sporting prints and maps sold for £50,198. An album of caricatures by James Gillray and others went for £2,400 to Edmunds.

CBI code urges 'open-style management'

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

COMPANIES ARE recommended to adopt an "open style of management" and to increase communication and consultation with their employees in a new code of practice to be published soon by the Confederation of British Industry.

The code, which has been approved by the CBI's council, is the latest stage of the confederation's work on employee participation which was started during the Bullock Report battles over worker directors.

Although the CBI stresses that it is "not a political document drawn up in response to the Bullock Report, or the possibility of legislation on industrial democracy," the code does owe its existence to a belief held by the CBI that industry must introduce its own reforms voluntarily if it is not to be saddled with laws in the future.

Called "Guidelines for action on employee involvement," the code acknowledges that industry could be doing more to help employee participation. It then goes on to explain what companies should consider doing, and how they should involve their managements.

It does not break any new ground in terms of CBI policy and does not, for example, go in to the rights or wrongs of worker directors or other forms of industrial democracy.

"Fundamentally what we are talking about is an 'open' style of management, operated by managers with the necessary professional skills, self-confidence and pride in their job," says the CBI. "We are talking about the communication and consultation arrangements which are integral parts of this management style.

"We are not talking about changing the manager's role as decision maker; we are talking about helping him to achieve the consent which he needs to put his decisions into action."

What is needed is "strong managers" who have the "confidence, knowledge and skills to communicate information, to discuss the difficulties of various courses of action, and at the end have the credibility, courage and determination to see that decisions are successfully implemented."

Stressing the need for leadership from the top of a company, the CBI says: "It is no use expecting middle and junior managers to communicate and consult with others if they in turn are not kept informed and consulted by senior managers."

The detailed guidelines start with recommending companies to set their objectives for employee involvement. "In the broadest sense we are talking about a means of achieving a more competitive, more efficient British industry through improved employer-employee relationships," says the CBI. This statement, illustrates the sharp difference between its ideas and those of the TUC's industrial democracy demands which are aimed at changing the balance of power in industry.

Next, companies should decide what forms of employee involvement are already occurring and how they should be extended through formal and informal methods.

All employees should be included, and union members should "be encouraged to play their full part."

The CBI also stresses the need for training and recommends that managers and employees' representatives should where possible be trained together.

Rover sales up in Europe

BY LISA WOOD

JAGUAR Rover Triumph yesterday said that sales of Rover cars in Europe have increased by 58 per cent in the first six months of 1979, compared with the same period last year.

A total of 6,353 Rover 3500 and 2600 saloons, worth £50m, were registered in Europe between January-June compared with 4,010 last year.

The company said sales in France were particularly good and the Rover had started to make progress in the French executive car market.

● NEWS ANALYSIS—BRITISH AEROSPACE SHARES

Air group fears for the long term

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

IT IS widely hoped in the UK aerospace industry that the Government's plan to sell about half the shares in the State-owned British Aerospace group to private investors, and oblige it to find most of its future cash from its own and commercial sources, will not be allowed to disrupt the most vital task facing the group—which is building and selling aircraft.

A major re-equipment tide is now flowing through the world's airlines, which is expected to add more than 3,500 aircraft to the commercial fleets by the early 1980s. Sales of military aircraft and guided weapons are also expanding world-wide.

British Aerospace is trying to capture as much of this business as it can. This is already a difficult task, in the face of tough foreign competition. It could be made even more so if the industry is obliged to undergo the experience of partial denationalisation only two years after being nationalised.

The industry is not too concerned about the plan to sell off the shares. Nor is it too worried about the future need to raise more of its cash needs in the commercial market.

What is causing concern is the fact that the forthcoming legislation proposed by the Government will not entirely rule out the long-term possibility of dismemberment of the group —perhaps selling off such profitable parts as the Dynamics Group, which is responsible for space and guided weapons.

This is widely regarded as potentially disruptive, damaging to morale throughout the industry. The industry is asking why, in the light of the Government's own expressed preference for maintaining the present structure of British Aerospace, it needs to even so much as suggest in its proposed legislation the possibility of such dismemberment. If there is no intention of it, why include it?

Lord Beswick, chairman of British Aerospace, and his team have worked hard over the past two years to try to consolidate the activities of British Aircraft Corporation, Hawker Siddeley Aviation, Hawker Siddeley Dynamics and Scottish Aviation, which comprise the State-owned group.

They have established a programme of military aircraft development, underpinned by the big Anglo-West Grman-Italian Tornado multi-role combat aircraft, of which 809 will be built, with hopes of big American deals for the Harrier jump-jet fighter, and the continued success of the Anglo-French Jaguar jet strike-trainer and the Hawk trainer in export markets.

Now looming is the possibility of another big new collaborative venture on an advanced tactical combat aircraft, the AST-403.

On the civil side, a similar pattern is now developing. The European A-300 and A-310 Airbuses (in which BAe has a 20 per cent stake) are selling well, while a big co-production deal with Romania on One-Eleven jets, which might eventually result in up to 80 aircraft being built, was recently signed. Sales of the BAe 125 executive jet, and the BAe 748 feeder-liner, continue steadily.

Some new programmes have still to come to fruition. They include the new version of the Jetstream commuter airliner, and the BAe 146 four-engined feeder-liner, which alone is likely to cost more than £200m to develop. In the 1980s, a new 130-160 seat short-range airliner is likely to be developed with other West European countries, under the "Joint European Transport" programme.

Collectively, these civil ventures are likely to cost British Aerospace more than £500m to develop. The 1978 annual report of the group said that it hoped over the next five years to find about half that sum from its own resources—the inference then being that the rest would have to come from the Government.

Now, British Aerospace will have to go to the commercial capital market for whatever additional funds it needs. This will mean that BAe will have to put a convincing case to win the funds it needs.

None of this seems likely to frighten Lord Beswick or his colleagues. Over the past two years, they have emphasised that it is their intention to make British Aerospace profitable, and especially the commercial aircraft division.

So far, they have done well. Trading profits of British Aerospace as a whole in 1978 amounted to £79m, with net profits after tax, interest and other items amounting to £29m. Sales in that year amounted to £894m, of which £487m, or 55 per cent, were export sales. At the end of last year, the order book stood at nearly £3bn, up substantially from £2.3bn at the end of 1977.

New giant hovercraft challenge sea ferries

By Lynton McLain

GIANT hovercraft designed to compete with passenger car ferries over routes of 200 miles are planned by the British Hovercraft Corporation, 20 years after the first Channel crossing by an experimental craft.

The first hovercraft over the English Channel—the three man SRN 1—made the two-hour crossing 20 years ago today. The latest Super 4 craft, the biggest in the world, with 416 passengers, takes 30 minutes.

But far from being at the end of their potential development, new hovercraft are expected to open further routes over the Channel, the Irish Sea, in Scandinavia and in the Mediterranean.

The corporation is spending £500,000 a year on research and development to improve efficiency and raise the competitiveness of hovercraft. Many of the new designs will be based on further changes to the existing Super 4.

Quieter ride

The cost of operating large hovercraft now almost equals that of conventional ferries. The corporation claims that its existing craft can make a profit on short Channel routes without fare premiums for the higher speeds.

This competitiveness is expected to increase in the early 1980s. The first improved Super 4 will be available — if the demand is there — from 1981. The changes are designed to make it directly competitive with ferries on routes of up to 100 miles.

The larger hovercraft will be designed for 200-mile sea crossings and these craft — larger than the 300-ton Super 4 — are expected to use fuel almost twice as efficiently as the existing craft.

The use of quieter, more efficient engines now available will cut fuel consumption by 30 per cent, and new designs of the supporting rubber skirt may reduce friction by 35 per cent.

British Rail Seaspeed, which has the only two Super 4s so far built, believes that the improvements will enable it to move into profit from a £2.2m loss last year. Advance bookings on the Channel are already double those of last year.

Callaghan opens new Labour HQ

THE NEW Labour Party headquarters in Walworth Road, Elephant and Castle, South London, was opened yesterday when Mr. James Callaghan, the Leader of the Opposition, performed the traditional stone-laying ceremony.

The party hopes to occupy the restored Georgian building by the end of the year. For 51 years it has been a tenant of the Transport and General Workers' Union in Smith Square.

The lease expires in 1980 and the union wants the Smith Square building for its own purposes. Mr. Callaghan said that there had been times in the past when he had despaired of ever seeing the headquarters project being completed.

The £1.6m needed to restore the building was raised by a consortium of trades unions affiliated to the Labour Party since the launch of a £1-a-brick appeal in 1977 failed to raise sufficient funds.

£172m health scheme launched

BY PAUL TAYLOR

ONE OF England's poorest health authorities yesterday confirmed plans for a 10-year £172m hospital building programme—and announced the need for revenue spending cuts of about £10m this year.

The North West Regional Health Authority confirmed plans for the £172m hospital building programme. It will involve 25 construction projects at district hospitals as part of an overall £480m capital programme during the next 10 years.

The hospital building programme—the biggest planned by the region—will involve the construction of a new district hospital near Altrincham and the upgrading of other old general hospitals in the region.

New buildings will be constructed on a standard design around nucleus departments which can be developed in phases to provide a complete hospital.

Work on seven of the main projects, including the new hospital at Altrincham, costing £12m, is to start in 1982-83.

The programme clearly depends on Government public expenditure plans which have already hit the region's expenditure plans—in common with other health authorities—after the announcement by Mr. Patrick Jenkin, Health Secretary, last week of a £90m-£100m squeeze on regional health authority expenditure in 1979-80.

Although the squeeze will affect the North West Region less severely than other regions —particularly those in the South East—the North West Region is expecting to have to make cuts totalling £10m to stay within the Government cash limits this year.

The £10m shortfall is made up to £2m in wage increases above expected level, £3m because of the increase in VAT and £5m because of other price inflation.

The region's revenue spending allocation was increased by 3 per cent in real terms this year to £383m, but although that was a bigger increase than in any other region, the North West is still underfunded by about 8.8 per cent, according to Government figures.

The region's capital allocation in 1979-80 was set at £36.7m at November 1978 prices—

Wider court role on secrecy urged

BY A. H. HERMANN, LEGAL CORRESPONDENT

THE Law Society supports most of the Franks Committee proposals for reform of section 2 of the Official Secrets Act, 1911. However, it seeks more protection for individuals and wants greater discretion to be given to courts in the application of new legislation.

One of the principal recommendations, made by the society's Law Reform Committee in a memorandum published yesterday, concerns protection of the confidences of the citizens. These should be protected by criminal sanctions against disclosures not only when the confidences were given by him to the Government, as proposed by the Franks Committee, but also when the information was acquired by the Government department from other sources.

The Law Society also differs from the Franks Committee on who should determine whether information was correctly classified as secret. The Franks Committee assigned this role to the Attorney General.

The Law Society, however, says courts should decide not only whether the relevant information was classified but also whether it was reasonable that it should have been classified. Moreover, the Law Society proposes that it should be a defence if the accused disclosed the information for the public good and the disclosure actually did further public interest.

Death rate shows rise of 1.74%

By James McDonald

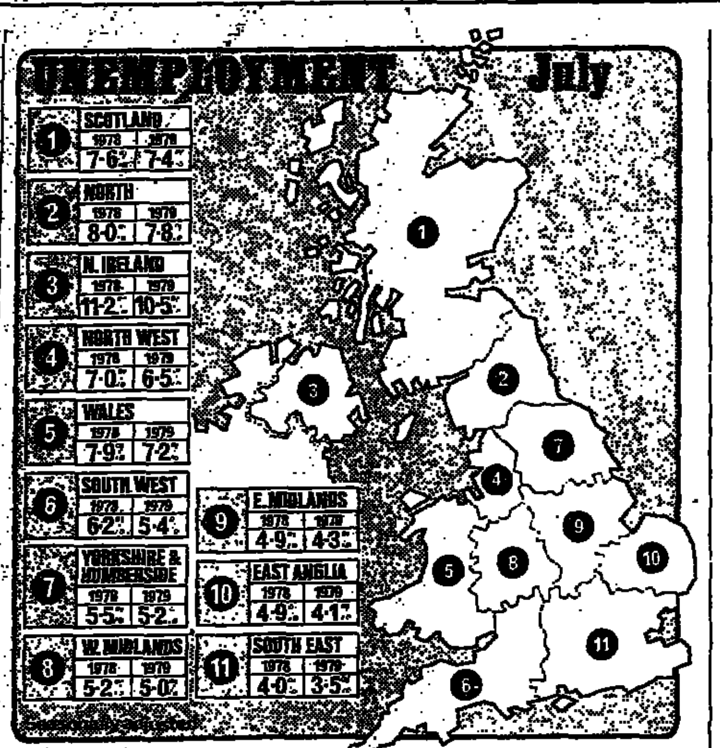
THE NUMBER of deaths registered in England and Wales last year was 585,945—1.74 per cent higher than in 1977—according to the Office of Population Censuses and Surveys.

The only change from 1977 in the order of the main causes of death in each age-group was that respiratory diseases again resumed third place in the 45-54 age group in place of cerebro-vascular disease.

The report said that there was limited significance in changes in the number of deaths from one year to the next. "Such short-term changes are usually the result of differences in weather conditions or the presence or absence of an influenza epidemic."

Of the increase in deaths between 1977 and 1978 almost half—4,631—was accounted for by an increase in deaths from heart disease. "This represents only a 3 per cent increase in what is in any case the commonest cause of death and might be attributable at least in part to the cold weather."

Larger proportional increases were to be found in deaths caused by motor accidents—14 per cent—and in the category "all other external causes"—10 per cent.



BY PETER RIDDELL, ECONOMICS CORRESPONDENT

REGIONAL differences in the level of unemployment are widening again. In the month to mid-July the total rose in Northern Ireland, Scotland, northern and north-western England and Yorkshire and Humberside, even though the national figure was unchanged on a seasonally adjusted basis.

Over the past 12 months total UK adult unemployment has fallen by 6.6 per cent, but the decline has been 2 per cent or less in northern England, Scotland and Northern Ireland. The drop in south-east England has been 12.5 per cent.

Over the same period the number of adult men out of work has dropped by 9.4 per cent to 891,400.

Conference to discuss bureaucracy

By James McDonald

INDUSTRY'S "fifth column—the bureaucrat within" is among the topics to be discussed at the annual conference of the Marketing Society in London on November 28.

The speakers will include: Mr. Enoch Powell, MP; David Stockwell, managing director of Harris Carpets; Sir John Keswick, director and former chairman of Jardine Matheson and Co.; and Geoffrey Darby, managing director of the Cadbury Schweppes Drinks group.

Other speakers will include: Mr. Peter Walker, Minister of Agriculture; Lord Armstrong, chairman of the Midland Bank; Arthur Scargill, president of the Yorkshire area of the National Union of Mineworkers; and Sir James Goldsmith, chairman of Cavenham.

The conference will discuss whether entrepreneurial flair is being stifled by a corporate bureaucracy of business's own making. Another topic for discussion is that business is still on the defensive and, as a result, the vital role of entrepreneurial marketing is in danger of being inadequately funded or even neglected.

The Marketing Society, Spa House, 11-17, Worple Road, London, SW19.

Price body praises Shell UK Oil

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE Price Commission, in its final company investigation report, before it is wound up by the Government, yesterday gave Shell UK Oil a virtually clean bill of health.

But the Commission emphasised that in the present oil market, with restricted supplies and rising petrol prices, "a policy of short-term profit maximisation would not be justified."

The Commission also welcomed the company's intention to continue seeking a high volume throughput of petrol sales at low margins, since this encourages operating and distribution efficiency.

The Commission says, however, that it "would expect some of the benefits to be passed on to the consumer when the balance between supply and demand in the oil industry is restored."

The Commission also refers to the company's target of improving efficiency by 4 per cent a year in real terms between 1979 and 1983. "This improvement was achieved in 1978 and Shell UK Oil informs us that it is on target to repeat its achievement in 1979," the report says. "Such improvements will presumably enable Shell UK Oil to absorb at least part of the increased costs of crude oil."

Shell UK Oil, which was set up in 1976 after the break-up of the joint Shell-Mex and BP marketing operation in the UK, had sought a 6 per cent petrol price rise from March 9. Although the Commission had initially decided to freeze this increase, it eventually allowed two interim rises that gave the company the full increases sought.

However, the Commission continued with its three-month investigation. The report shows that the company "made very modest profits before interest on an historic cost accounting basis over the period under review when UK demand for oil remained fairly static."

In spite of low profitability, says the report, "Shell UK Oil was able to finance its operations and capital expenditure in 1977 and 1978 before interest and dividends on its capital."

But the Commission says that the forecast for 1979 "is for a profit before interest and taxation representing a return on capital employed of 13.5 per cent on an historic cost accounting basis, or a 5.6 per cent net profit margin before interest and taxation."

However, the Commission acknowledges that "recent events have already rendered the forecast out of date."

It adds: "Events in the oil industry have moved swiftly in the past few months and we have not attempted to take into account the impact of the latest rises in crude oil prices in offering our recommendations."

The Commission says that since the Government said that it "would be inappropriate to initiate any more investigations," the report considers only the initial notified price rises and not the subsequent price rises.

Price Commission investigation report No. 44; Shell UK Oil —oil and petroleum products:

Callaghan punished for his excessive demands

BY PHILIP RAWSTORNE

MR. JAMES CALLAGHAN got precious little change from some fierce political trading with Mrs. Margaret Thatcher yesterday.

The Prime Minister told the Commons that until demand fell, interest rates would remain high.

As good as her word, she promptly forced the Leader of the Opposition to pay heavily for his excessive demands.

Five times Mr. Callaghan engaged with increasing anger in exchanges across the Despatch Box—and each time sat down with nothing to show for it.

He challenged Mrs. Thatcher to deny the proposal made by Professor Douglas Hague, one of her economic advisers, that tax relief on mortgages might be phased out.

"I'm delighted to deny it," Mrs. Thatcher responded sweetly. "One's advisers are not always right—and I often tell them so."

Ministers with experience of such events chortled merrily on the Government front bench over Mr. Callaghan's discomfiture.

But the Leader of the Opposition was soon back, bitterly rejecting Mrs. Thatcher's advice that Labour's public expenditure plans would have taken Britain back to the economic difficulties of 1976 and the IMF intervention.

"Totally untrue," Mr. Callaghan snapped.

Did she not recognise that public spending became a burden only if there were no growth.

When was she going to cut the absurdly high interest rates which were curbing investment, dragging in foreign money and depressing exports? he demanded grimly.

Mrs. Thatcher retorted that he could hardly criticise the Government for making spending cuts that he had been forced to make by the IMF.

Tories cheered, Labour MPs jeered — and Mr. Callaghan stormily demanded an answer to his question.

"You know that interest rates have to remain high while there is such a tremendous amount of borrowing from the banks," Mrs. Thatcher replied.

"I am determined we shall keep down inflation," she asserted, amid Labour derision

"Until demand is reduced, we cannot reduce interest rates."

"How many bankruptcies do you expect there will be, and how much unemployment before you see sense?" Mr. Callaghan demanded.

Interest rates had not yet reached the record level they had attained under a Labour Government, Mrs. Thatcher rejoined.

Back came Mr. Callaghan—"Are you running for the Labour leadership Jim," Tory MPs inquired hilariously.

"I realise you are having a very difficult time. . . ." Mr. Callaghan told Mrs. Thatcher with more optimism than the scene justified.

Could she undertake that the present level of interest rates would last no longer than Labour's 15 per cent period?

"You know I can never, never, never give any undertaking on interest rates," Mrs. Thatcher replied.

Mr. Callaghan rose menacingly to his feet again. But this time words failed him. He banged on the Dispatch Box furiously and sat down, no more satisfied with the echoing response that produced.

Regional planning councils disbanded

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE GOVERNMENT'S decision to disband the English Regional Economic Planning Councils brought a storm of protest from Labour MPs, when it was announced in the Commons yesterday by Sir Keith Joseph, the Industry Secretary.

The disclosure came in a brief and unheralded statement by Sir Keith at the end of a long speech opening the debate on the Government's proposals to cut regional aid by £230m over a three-year period.

The Opposition was particularly incensed because Sir Keith made the statement on behalf of Mr. Michael Heseltine, the Environment Secretary, who was not present to be questioned on it.

They also pointed out the inconsistency of scrapping the councils in England while retaining them in Scotland and Wales.

Sir Keith Joseph (left), Mr. John Silkin, Mr. Michael Heseltine

Mr. John Silkin, the shadow Industry Secretary, made it clear that a future Labour Government will restore a large measure of regional aid and would provide extra funds to the National Enterprise Board.

But he carefully avoided making any commitment to restore the specific reductions now being carried out by the Conservatives.

Mr. Silkin warned that these "socially divisive policies" would be resisted root and branch by the Labour Party.

Defending the cuts in regional aid, Sir Keith said that they could prevent the creation of between 5,000 and 6,000 new jobs in the assisted areas.

But he insisted that the £230m which would be saved in public funds would result in the creation of 5,000 to 6,000 new jobs over the country as a whole.

Announcing the disbanding of the Regional Economic Planning Councils in England, Sir Keith made it clear that in the opinion of the Government, they were pursuing no useful function.

The eight councils, which have no executive responsibilities, give advice on the economic situations in their individual regions and this is then passed up to Whitehall for the attention of the Government.

Sir Keith questioned whether it made sense for the council members to continue to make their services available when "they have no specific function and that their advice is often unheeded."

It had been decide, therefore, to disband them during the relatively quiet summer period while awaiting the outcome of the Government's wider review of Quangos (Quasi-Autonomous Non-Governmental Organisations).

"This decision reflects the inappropriate nature of these bodies," said Sir Keith.

He emphasised, however, that the regional planning boards—consisting of officials who serve the councils—will continue in existence but will operate by "less cumbersome means."

Mr. Robert Cant (Lab., Stoke on Trent Central) protested there was no constitutional precedent for slipping in such an important announcement on behalf of another Minister who was not present.

He said that Mr. Heseltine should have been in the House to announce the "chopping" himself.

From the Labour front bench, Mr. Silkin said the House was owed an apology for the way the statement had been made. The difference between the new English position and the position in Scotland and Wales required some justification.

He thought that the confusion resulting from the spate of sudden announcements over the past week was a fair indication of what conditions would be like when Government policies began to take effect.

Mr. Silkin said that the electorate had a right to know what the next Labour Government would do now that it was realised just how disastrous Sir Keith's policies were.

It would be easy for the Labour Party to say that it would repeal this or that and that it would go back to the policies as they were before the cuts.

"But I want to make it clear that I don't think life is going to be as easy as that," he went on.

"What we are likely to find if the present policies continue is an economic disaster. And that means we will have to look very carefully at all our policies."

The strategy of the next Labour Government would, therefore, have to be based on a number of elements.

There would have to be more resources for the regions, not less. These resources would have to be made available selectively rather than automatically.

"We will have a system of planning agreements," he added.

"They will help maximise the effectiveness of regional policy and they will enable the Government to examine company plans at an early stage.

"It will mean that the carrot of public money and the stick of industrial development certificate control will be used together."

According to Mr. Silkin, what was needed was a coherent regional policy, not a reluctant negative drip.

He claimed that Sir Keith had put together ideas which he had culled "from a dozen volumes of out-of-date theory."

For the Government, Sir Keith admitted that the reduction in regional aid would mean a drop in the new jobs that would have gone to the assisted areas.

His best up-to-date estimate was that during each year of the 1970s, about 20,000 new jobs had been created by regional aid.

But this was a net gain offset largely by consequent losses in other parts of the country.

The Opposition arguments about the effect of the Government's policy on the regions were totally misleading, he said.

Many of the assisted projects in these areas would have gone ahead anyway without Government aid.

By itself, taxpayers' money would not suffice to narrow the gap between the assisted and non-assisted areas.

There had to be a greater measure of self-help in the assisted areas—more enterprise, higher productivity and better co-operation between management and labour.

Business tax query

THE TREASURY is to consider whether the costs of raising business loan finance can be allowed as a deduction for tax purposes, Mr. Peter Rees, Treasury Minister, announced last night.

In a written reply to a question from Mr. Jock Bruce-Gardyne (C. Knutsford), Mr. Rees said he had considerable sympathy with the proposal.

"There are, however, a number of substantial issues about the type of finance and the nature of the expenses which need to be fully considered before the legislation could be introduced.

"These maters are a suitable subject for consultation and I have therefore authorised the Inland Revenue to seek the views of interested parties

Post Office monopoly upheld

BY IVOR OWEN

A BACK BENCH Tory attempt to introduce a Private Member's Bill to break the Post Office's mail monopoly was surprisingly defeated by 210 votes to 187 in the Commons yesterday.

Criticism of Post Office inefficiency was countered by Mr. Charles Morris (Lab. Openshaw), a former member of the Executive of the Union of Post Office Workers.

He referred to the delays experienced by many users of the private delivery services which operated during the 1971 postal strike.

He quoted a London evening newspaper headline declaring: "Private post haywire."

Mr. Morris warned that if the Post Office monopoly were breached, the profitable areas of postal delivery would be creamed off by the private sector.

The Post Office would then be left with the unprofitable isolated areas of the country and people living in rural communities might soon find postal deliveries deteriorating in the same way as train and bus services.

Mr. Morris stressed that it was not possible to have an efficient postal service when there were nearly 10,000 vacancies for postmen.

There were 900 staff vacancies at Mount Pleasant sorting office in London, the largest sorting office in the world.

The unsocial hours worked by postmen were a deterrent to recruitment.

"There is a shortage of people willing to get up at 4.30 a.m. to be at postal sorting offices," he said.

In his unsuccessful bid to obtain leave to bring in the Bill, Mr. Neville Trotter (C. Tynemouth) argued that a decision to break the mail monopoly would be a stimulus to efficiency and improve working relationships in the Post Office.

He reminded the House that when an attempt was made to introduce a similar Bill in February 1976—an attempt which failed by 166 votes to 155—half the members of the present Government supported it.

Mr. Trotter maintained that in the three and a half years since then, the performance of the Post Office had deteriorated further.

Education changes

THE GOVERNMENT'S controversial Education Bill, which removes the obligation on local authorities to go comprehensive, completed its Parliamentary passage in the Lords last night.

A final attempt by the Opposition to change the Bill failed by 133 to 101, a Government majority of 32.

Labour peers forced the vote on a proposal to place on local authorities the duty to ensure children could transfer easily between secondary modern and grammar schools. Local authorities would also have to publish details on the method and cost of transfer.

Baroness Phillips (Lab) urged the Government not to turn the clock back.

The Bill, which has already completed its Commons stages, now awaits Royal Assent.

Lords 'brilliance'

WIDER PRESS coverage of the "supremely important" proceedings of the House of Lords was vital, cross-bencher Lord Robbins told the Upper House yesterday.

He said that he sat daily in the House and listened to the "brilliant" and "well-educated" speakers, but "day after day I open the quality newspapers and read no evidence whatever of the discussions which have taken place.

"It really is vital for this House and for the country at large that the things that are said in this House should be more broadly reported."

Lord Soames, leader of the Lords, replied that he would also like to see "much greater coverage" of Lords' proceedings.

But he reminded peers that since the advent of Parliamentary broadcasting "what goes on in this House has got to the public's ear much more successfully."

Lord Soames turned down suggestions for establishing similar facilities for lobby journalists in the Lords as they enjoyed in the Commons.

هكذا من الأصل

Nuclear waste study planned

LAND ALL over Britain is to be probed to see if nuclear rubbish can be buried safely, the Government announced last night.

Announcement of test boring in 15 areas of England, Scotland and Wales is certain to spark a major row with environmentalists and with politicians critical of the Prime Minister's personal commitment to atomic power.

News of the programme of borings from the Department of the Environment seemed designed to quell fears that Britain could become riddled with pits making the country the world's nuclear dustbin.

"This is not a programme for disposing of radioactive waste . . . purely research . . ." insisted Mr. Michael Heseltine, Environment Secretary, last night.

In a Commons written answer, Mr. Heseltine stressed that the tests were purely geological, to establish whether underground dumping was the best way of disposing of the waste.

The Government was also researching dumping waste on, or under the seabed.

One application by the Atomic Energy Authority for permission to start test borings has already been approved. It is in Caithness in the North of Scotland.

Three other applications have already been turned down, but the authority is appealing against the decision. They are in Carrick and Kyle in South West Scotland, and two in Northumberland.

The other areas are in Cheshire, Cumbria, Grampian, Gwynedd-Powys, Highlands, Leicestershire-Nottinghamshire, Northumberland, Somerset, Strathclyde, Western Isles and Hereford-Worcester regions.

Mr. Heseltine said: "Other areas may be identified in the future for exploratory investigation and added to the list. On the other hand, some of the areas identified may prove unsuitable for further examination.

"All exploratory work, including test borings, in any area will be the subject of planning procedures and publicity will be given to the proposals.

"I must make clear that this is not a programme for disposing of radioactive waste, but is purely research into whether disposal in geological formations is feasible."

He said it would take about ten years to decide whether the best method of disposal of radioactive waste was underground, or under the ocean.

If land sites were chosen, deep access shafts would be built. There was no question of all 15 sites being selected for this development—at most two or three would be picked.

Waste would first be put inside solid glass blocks, and stored for several years before being dumped.

He said the Government had no preference between the three possible methods of dumping.

"The aim is to have a demonstration facility for one or more of the methods in operation during the 1990s with a view to having an actual disposal facility in operation early in the next century."

So far, most research had been directed towards dumping on land, but the UK was initiating research into sea dumping which was attracting increasing international interest.

Land tests have been confined to hard rock, but now the authority was to carry out tests on clay and salt.

"Only when full information is available and has been properly evaluated, will it be possible to judge whether disposal deep underground is an option to be pursued and, if it is, which of the rocks would be most suitable," Mr. Heseltine said.

The Government has already adopted a six-point safety code on nuclear dumping:

- To ensure that the creation of nuclear waste is minimised.
- To ensure that the problems of disposing of waste are dealt with before any large nuclear programme is undertaken.
- To ensure "due regard to environmental considerations" in dealing with nuclear waste.
- To "secure the programmed disposal" of nuclear waste.
- To ensure adequate research and development on disposal methods, and
- To ensure waste is disposed of "in appropriate ways, at appropriate times and in appropriate places."

ACAS staff in talks with engineer unions

BY NICK GARNETT, LABOUR STAFF

OFFICIALS OF the Advisory, Conciliation and Arbitration Service held informal talks with engineering union leaders yesterday about the industry's pay dispute, over which a national overtime ban is to begin next Monday.

The talks followed an earlier meeting between ACAS officials and officials of the Engineering Employers' Federation. Both sets of exploratory discusions were mad eon the initiative of the service, which is considering its position.

It semed unlikely last night, however, that any new initiative could easily be made. The Federation's management board is meeting today and is not expected to make further proposals on pay.

The two sides are very far apart and feeling is strong among many engineering employers that they should wait and see the effects of the planned industrial action.

That involves one-day strikes on August 6, 13 and 20 as well as the national overtime ban. After that, the Confederation of Shipbuilding and Engineering Unions will review the situation.

Yesterday's talks involved Mr. Terry Duffy, President of the Amalgamated Union of Engineering Workers, Mr. Ken Baker, the new president of the confederation; and Mr. Alex Ferry, confederation general secretary.

A negotiated settlement has been very difficult because the engineering union's national committee and the confederation have imposed tough conditions on their negotiators.

Union leaders have been instructed to fight in full for new national minimum craft rates of £80 a week, with pro-rata rises for other rates and other improvements, including a one-hour reduction in the working week this year.

Negotiators had earlier indicated their willingness to accept a compromise figure of £70. Employers reached that figure in their final offer.

Basic rates in engineering are £60 a week for craftsmen and £45 for unskilled men, although most workers earn considerably more from local deals.

The unions' instruction on industrial action technically applies to more than 1m workers in the federation's 6,500 member companies.

Chemical workers seek NEDO meeting

BY OUR LABOUR STAFF

CHEMICAL INDUSTRY unions are suspending their involvement in the industry's sector working parties while they try to clarify the Government's position on "industrial strategy."

The exercise may result in the unions' withdrawing completely.

The Chemical Unions Council, which took the decision yesterday, is seeking a meeting with Sir Geoffrey Chancellor, director general of the National Economic Development Office.

The suspension also applies to the special sector groups set up by the chemical industry economic development committee under the NEDO umbrella.

Mr. David Warburton, secretary of the Chemical Unions Council and national chemicals officer for the General and Municipal Workers' Union, said yesterday that the unions still supported joint initiatives with management and the Government but had had no alternative to that action.

"We are very sad about this. We haven't had any clarification from the Government," Mr. Warburton said.

The issues that most concern the unions include the bringing of North Sea oil ashore for downstream industries and full information on future projects in the UK and abroad.

They also want better understanding of the Government's position on energy policy in relation to EEC attitudes on refinery capacity and its policy towards developing plans for the industry's future.

After the collapse of national negotiations for the chemical industry last month, the unions say many companies have now negotiated local deals above the national claim.

Negotiations in some companies, particularly in the North-west have run into difficulty, and shop stewards may be seeking powers to ballot members on industrial action soon.

Negotiations for ICI's manual and craft workforce resume tomorrow and union officials have told the company that they now want it to make its final proposals.

An offer of about 16 pen cent has been rejected although there is much disagreement between the unions on the distribution of money.

Evans backs higher spending on health

BY GARETH GRIFFITHS

THE National Health Service is still the envy of the world, Mr. Moss Evans, general secretary of the Transport and General Workers' Union, said yesterday, giving his union's view on the future of the NHS.

The union gives full backing to the suggestions of the recent Royal Commission report for more spending, the abolition of prescription charges and greater local administrative flexibility. It calls the report the best study of the NHS ever undertaken.

In a memorandum to Mr. Patrick Jenkin, the Secretary of State for Social Services, Mr. Evans accused the Government of trying to play politics with the sick. The Government's approach might hamper attempts to improve industrial relations in the NHS.

Mr. Evans said that the union will vigorously oppose any plans to introduce private health insurance and expand private practice, and will campaign to get rid of pay beds in NHS hospitals. The union has a "significant" membership among ambulance staff, ancillary workers and some nurses.

The union wants the Government to consider TUC and Transport Union proposals to allow elected representatives of NHS workers to sit on local and regional boards. It says working people in those countries with different health schemes suffer disadvantages.

- The Government has told health authorities that any money for introducing a 37½-hour working week for 400,000 nurses and midwives in 1981 must come from part of that year's pay settlement.

The Whitley Council for nursing and midwife staffs was told yesterday that the management side had received a letter from Mr. Patrick Jenkin, outlining the Government's position.

The staff side was not prepared to reach agreement on the introduction of the shorter week on that basis. The unions are annoyed, as both sides have agreed in principle to introduce a 37½-hour week and it formed part of the 1978 pay deal. Fresh talks are planned for September 11.

The unions involved include the Royal College of Nursing, the National Union of Public Employees and the Confederation of Health Service Employees.

The mood among nursing staff is unsettled, the unions say, because a finding from the Clegg commission on comparability, which formed part of this year's pay settlement, is not expected until the end of the year. Nurses will not want to fund a shorter working week from future settlements.

Big banks' higher pay offer accepted

By Nick Garnett, Labour Staff

BARCLAYS and National Westminster yesterday offered their clerical, computer and managerial staffs a pay package higher in total than that offered by Lloyds and Midland.

The staff associations at Barclays and National Westminster have accepted the proposals. The executive of the Banking, Insurance and Finance Union will discuss the offers today but seems certain to accept.

Yesterday's developments, which have been part of extremely scrappy moves towards a settlement for all the English clearing banks' 200,000 staff, leaves the banking union in an awkward position.

Its negotiators, with those from the Association of Scientific, Technical and Managerial Staffs, have already accepted mediation proposals at Midland, which proved inferior to a later offer made at Lloyds. Barclays and National Westminster offers are a further improvement on that at Lloyds.

They follow pressure from domestic staff associations to improve differentials.

The Barclays and National Westminster proposals are the same as those at Lloyds and Midland for grades 1 and 2—15 per cent new money, with 2½ per cent consolidation of the existing 5 per cent productivity payment. The other 2½ per cent would be paid as annual bonus.

For grades 3 and 4, however, Barclays and National Westminster have offered 16 per cent new money, 1 per cent more than at the other two banks.

The offer for grades above this, including managerial and supervisory staff is 17 per cent new money, similar to the offer at Lloyds but 2 per cent higher than that at Midland.

Midland, which set the pace for negotiations following mediation will now almost certainly face requests from its unions to improve its proposals.

GLC staff to step up action

By Our Labour Staff

GREATER London Council staff plan to step up industrial action over the council's proposal to run down its construction department.

The GLC Staff Association held a rally outside County Hall yesterday in protest at a council resolution, due to be discussed at a GLC meeting late last night, that the construction branch should not be allowed to compete for further contracts.

Mr. Arthur Capelin, deputy secretary of the association, said that it meant the effective closure of the branch with a loss of 900 jobs. The association, in conjunction with the Union of Construction, Allied Trades and Technicians, would oppose the closure and cuts in house building with every means at their disposal.

Association members have refused to handle work on transferring housing from the GLC to the London boroughs and to process GLC housing contracts.

The GLC said yesterday that there would be no compulsory redundancies among the construction branch. Council policy relied on natural wastage and voluntary redundancies.

Council's 'save Shotton' plea to Government

A DIRECT approach to the Government is to be made by Clwyd County Council in an effort to save more than 6,000 jobs threatened by the proposed closure of the Shotton steelworks in North Wales.

The council's views on the closure were put to Sir Charles Villiers, British Steel Corporation chairman, at a meting in Mold.

Members of Shotton trades unions were also there to voice their protests.

TV men return

INDEPENDENT television electricians and studio staff resumed normal work yesterday after their 24-hour strike on Monday, which blacked out commercial stations. Talks between the unions and employers are planned for Friday.

Peace hope on offshore rigs

THE THREAT of industrial action by catering staff which would disrupt the North Sea oilfields faded yesterday when an improved pay offer was made by four of the largest catering companies operating in the offshore fields.

After a two-hour meeting in Aberdeen between the companies and representatives of the Transport and General Workers' Union and the National Union of Seamen, both sides agreed to put out a statement containing the offer to the workforce of between 600 and 700 men on about 38 installations.

Unions and employers declined to give details of the statement, although they said it contained an improved offer.

At the end of last month, the unions claimed £600 for a full tour of two weeks offshore and two weeks on-shore. They rejected a counter offer of £415.

The statement, which will be issued today, will contain no union recommendation. However, Mr. Peter Nielsen, personnel director of ARA Food Services, said yesterday that he hoped that industrial disruption would be avoided.

Mr. Bill Reid, Aberdeen area secretary of the TGWU, said: "They put a further offer on the table and the shop stewards will take back a verbatim report on the offer which will leave the members to make their own decision."

Response to the latest offer should start coming back from the offshore fields at the end of the week, Mr. Reid said.

MANAGEMENT

EDITED BY CHRISTOPHER LORENZ

Corporate strategy—a question of survival for the smaller company

plannin?

Previous articles in our planning series have discussed the experience and techniques of large companies. Today, **Bernard Taylor** argues that many of the same principles also apply to small businesses, though approach and procedure can both be drastically simplified.

ONE OF the things that distinguishes the successful small business from the rest—the "thrusters" from the "sleepers"—is their knowledge of where they are going, and how they intend to get there; in other words, in their better business planning and control.

The introduction of planning into a small company is not an easy process. It can involve traumatic changes for the chief executive and his family—and for his fellow directors and senior managers. But it is not merely a means of improving business results—it is often the only way to survive in a tough business environment.

The small businessman has a natural aversion to bureaucracy. To him corporate planning is associated with the meaningless rituals which occur in large companies when they are formulating their five-year plans. It sounds like a rather expensive form of forecasting and budgeting. It smacks of decision-making by committee, leading to delays and missed opportunities: and to the appointment of expensive staff specialists. Is this what is involved?

The answer is "No." In a small business—taken in this article to mean firms with up to 500 employees—the planning is done by the chief executive and his team. The aim is to produce not a detailed five-year plan and budget, but a corporate strategy including *some specific objectives and priorities.*

For these, formulating corporate strategy involves an *assessment of the strengths and* weaknesses of the business, in particular its competitive position in the market, and carrying out an analysis of profit opportunities and likely threats, financial and otherwise. This usually leads to the development of project teams and action plans aimed at tackling specific problems or opportunities.

But planning also means *involving the senior executives* in a continuing discussion about the future of the business, finding the time periodically to discuss objectives, business trends and alternative strategies; and ensuring that the board meets occasionally to discuss strategy rather than operational problems.

Indeed, one of the main parts of that strategy must be the *controlled development of* organisational structure and decision-making responsibilities at the top.

When you ask a small businessman to define his strategy, he sometimes finds it surprisingly difficult to understand the reasons for his success—or his current difficulties. Often the request for a strategy is answered with a financial plan and budget for the present *business. Financial goals may* be useful measures of performance, but budgets do not say *how* the results are to be achieved.

Or a businessman may say he wants his business to grow at, say, 30 per cent a year, and he is looking for "growth opportunities." Here again, this begs several questions. What is the present scope of the business? What are its inherent strengths? And what are the opportunities for growth on which it can capitalise without stretching its resources?

Intuition

The *ability to develop* and communicate a rationale for the business is the hallmark of the successful entrepreneur. To quote Peter Drucker: "Every one of the great business builders we know of—from the Medici to the founders of the Bank of England down to Thomas Watson in our day [Watson founded IBM] had a definite idea, a clear 'theory of the business' which informed *his actions and decisions.* Indeed a clear, simple and penetrating 'theory of the business' rather than 'intuition' characterises the truly successful entrepreneur, the man who not only amasses a large fortune but builds an organisation that can endure and grow *long* after he is gone."

The individual entrepreneur does not need to analyse his *concepts* and to explain his "theory of business" to others, let alone spell out the details, says Drucker. "He is, in one *person, thinker, analyst* and executor. Business enterprise, however, requires that entrepreneurship be systematised, spelled out as a discipline and organised as work."

This is what the small businessman is concerned with in his corporate planning: "organised entrepreneurship."

The technical *difficulties* of working out a corporate strategy are often far less of a *problem than effecting* the necessary change in management style. A. E. Perrigo, Head of the Small Business Centre, at Aston University, Birmingham, puts it succinctly:

"A characteristic of many smaller businesses is that their day-to-day activities virtually absorb the whole energies and attention of management, in consequence of which practically no time is given to their longer term interests and needs. ... In consequence, they neither plan to take advantage of the unfolding opportunities available to them, nor prepare to take action to minimise or avoid risks which threaten them.

"Before corporate strategy *can be developed," says Perrigo,* "attention must be given to the day-to-day operating situation and the essential steps taken to free the chief executive from its pressures to permit him to devote the necessary time to the longer term requirements of the business."

What this involves is moving from a one-man-show dominated by the owner-manager, to management on a team basis. This is by no means easy.

Initially, the small business is an extension of its creator, the expression of his strengths and weaknesses. It represents the sum of his resources, ideas, imagination and drive. He wants to have full personal responsibility for results, he sets challenging standards, and he likes to have rewards based on performance. He is willing to work extremely hard for long hours and he is often obsessive about his business.

These personality characteristics are extremely valuable in the pioneering stage but they can cause problems when the business grows and the owner needs to delegate some of his responsibilities to others, before providing for management succession.

Confusion

It is obviously of fundamental importance that the board of directors should accept its responsibilities for policy-making. This may require its reconstruction, for example, by the co-opting of new external directors, and a change in its mode of operation. Yet a British Institute of Management survey of 300 firms with less than 500 employees suggested that all too often, in the smaller company, the Board *is* the creature of the chief executive.

A related and equally key strategic issue for the small *business involves sorting out the* relationship between the family and the business. The conflict between family goals and business *goals can be a major source* of confusion in policy-making.

This is not, of course, to say that family ownership cannot *sometimes help considerably to*wards the achievement of corporate goals; both Pilkington and Wilkinson Sword have underlined the advantages of not having to worry about outside shareholders when engaging in major risk projects (stainless steel razor blades and float glass, respectively).

But a small firm that is set on growth may well be seeking a public quotation, a takeover, or a source of outside finance. Each of these options will probably involve a loss of independence, *though this need not be in both* ownership and management.

Reluctance to lose independence is only one of the reasons why some small *firms* take a strategic decision to restrict their growth. They may also have identified some of the more mundane dangers in growing too fast: such as running short of cash and working capital to finance stocks and debtors; or losing control of deliveries, *costs, productivity and quality* of the operation because their few competent managers cannot be everywhere at once. Both types of error, all too easy to make, can result in bankruptcy. It is not surprising that the failure rate of small firms is so high.

On the other hand, in a developing market, a decision not to grow can be equally disastrous. In this case, the small businessman maintains his sales, but his market position is threatened as his competitors take advantage of the growth in the market to *build their market shares.* Eventually he finds he cannot compete and has to go out of business or be taken over.

A key to the solution of this problem is for the small company to determine whether it is possible to continue to exist in, and even dominate, a small market segment. Frequently, the small business survives because small indeed is beautiful. This applies most obviously in the service industries.

In manufacturing and construction, too, the small business frequently maintains its position by offering superior quality, better service, innovative design and even lower prices. Here, however, the small business' hold on the market is more tenuous. As a technology becomes better established, creativity and flexibility become less important factors, and bigger companies *are able to take advantage of* their ability to produce and sell in larger quantities. At this point, it is often advisable for the small producer to look for another niche.

Throughout its existence, the analysis of risk is a particularly vital area for the smaller, growth company. The small businessman is frequently operating at the limit of his bank overdraft and his debt capacity. *Nor, usually, does he* have the extensive financial resources of a large organisation, and the very existence of his business may be threatened by an unforeseen event: an increase in raw material costs, a dramatic fall in demand, the loss of major contract, a prolonged strike or the take-over of a key supplier.

Risks

Because of this vulnerability, it is especially important for *small companies to include* a careful assessment of risks as part of their planning process. For example, it may be advisable to establish guidelines in terms such as: cash availability, level of gearing (i.e. debt, equity ratios) percentage of sales with one customer or in one currency, and percentage of supplies from one source.

Levels of working capital, cash flow, levels of debt and exchange rates, require particular attention in the light of the escalating cost of energy, wage *inflation, high interest rates* and fluctuating currencies.

McKinsey's recent work with threshold companies "in tough times" *concludes that* "their success derives from consistently building on internal and market strengths, aggressively strengthening their liquidity and capital positions; and maintaining unusually good operating control through increased attention to management fundamentals."

So business planning is emerging as a key area for management attention in the smaller business—and therefore for management training.

Several management schools have developed seminars which cater specifically for chief executives, directors and senior managers in smaller companies.

These take two forms. There is an increasing number of private courses during which *the top management of a small* firm can assess its company situation and review its strategies and plans with the help of the faculty. There is also a range of open courses which provide the opportunity for chief executives and directors to debate their company's strategies with other small businessmen—and with specialists in various fields, eg finance, business planning, and international business.

At the Directors' Workshops we hold at Henley, small businessmen are asked to explain their strategies in such terms as these:

- What results are you trying to achieve?
- Which opportunities do you aim to exploit?
- What threats must be minimised?
- What resources do you need, and where will you obtain them?
- What are the risks to this strategy?

They find this an *uncomfortable* but very worthwhile process. It may be the first time in many years that they have had the opportunity to re-examine the raison d'etre of their business—their central business idea.

Bernard Taylor is Professor of Business Policy at the Administrative Staff College, Henley, and Editor of the Long Range Planning Journal.

Previous articles in this series appeared on June 27 and 29, and July 3, 6, 10, 20. The concluding contribution will be published on Friday.

BUSINESS PROBLEMS

BY OUR LEGAL STAFF

A Mareva injunction

We are owed considerable sums by a mill in Portugal, with which we have a contract which stipulates "Both parties agree to the jurisdiction of the English courts." We hear that the mill is in serious trouble. Our experience of suing in Portugal has been unfortunate and as we are aware that moneys are owed by English clients of the mill we would like to put a stop to these debts being paid, pending the settlement of our claim. What can we do?

You may be able to secure an injunction in the English Courts (*commonly called* a "*Mareva* Injunction") to restrain the debtor company from taking its assets out of the English Courts' jurisdiction pending hearing of your claim. This can be done very quickly—in a matter of days, so long as you issue a writ and pursue the claim in England. You should at once instruct solicitors in London to pursue this course.

Trespass on air space

The local corporation intends to allow a developer to develop two sites on either side of our cable car company which carries passengers from the sands to the town centre. They intend to build a bridge from one side to the other, which means they would trespass on our air space. What problems can you foresee for our company and how do you place a value on air space?

You will doubtless wish to ensure that your company is given a comprehensive indemnity in relation to any *damage or injury caused to* your company or to its passengers or employees by (a) any matter arising in the construction of the bridge and (b) any matter arising thereafter by reason of the use of the bridge and of any defects in the bridge, including any damage or injury caused by objects (or people!) falling from the bridge; and whether by reason of accident, negligence, or deliberate action. We cannot advise you on valuation.

★

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Technical News

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● INSTRUMENTS

Surveys the state of the weather

A SET of weather monitoring equipments manufactured to designs and standards of the Meteorological Office is now generally available from Frazer-Nash (Electronics), Lower Teddington Road, Hampton Wick, Kingston Upon Thames, Surrey KT1 4EX (01-977 0051).

For example, the MK5B instrument measures wind speed and direction with averaging over pre-set periods. It can drive many displays without loss of accuracy and can send the data over a telephone *line.*

Another component, Automet, is a microprocessor-based unit for automatic weather *stations. It can take the data* from up to 16 instruments—wind speed and direction, pressure, temperature—process the *data to provide* trend analysis, data logging, etc., and provide telemetry transmission to other locations either over Post Office lines or a radio link.

Applications include weather monitoring for safety purposes at oil platforms, power stations and anywhere where the *weather is* a hazard or is otherwise significant.

Earthing efficiency check

AVAILABLE from Havant Instruments *is a compact, hand*-held instrument designed to give rapid indication of earthing efficiency in commercial electrical equipment such as electric typewriters, cash registers, photocopiers and washing machines.

Developed to meet the needs of service engineers and with the requirements of the Health and Safety at Work Act in mind, the unit, called Elite, is connected to the earth circuit via its two test leads. When the test button is pressed a 10A current passes for a time sufficient to rupture any weak link in the circuit and the earth resistance is indicated by a 3-lamp LED display.

Green indicates less than 0.1 ohm (pass), single red indicates 0.1 to 0.5 ohm and double red indicates greater than 0.5 ohm. A green LED battery indicator is also provided.

The Elite has a tough pvc case designed to withstand field use and the *instrument is unaffected* by falling from a bench on to a concrete floor. The internal cells give at least 50 tests before recharging is needed: a compact plug-in mains charger is supplied.

More from Havant Instruments, Unit 3, Westfields, Portsmouth Road, Horndean, Hants. (0705 596020).

● COMPUTING

Data gathered and processed

FOLLOWING THE sale of about 20 of the equipments in various parts of the world, ASEA is now to introduce its DS 8AP data acquisition and monitoring system into the UK.

Units available include a central processor, process and communication interfaces, a program library, local and remote operator's terminals and remote process terminals.

*There are ten available pro*grammed functions in the library and seven more can be called upon if needed. Sequential event recording, for example, provides print-out on the operator's terminal of plant events or the exceeding of limits to a timing accuracy down to *a few milliseconds.*

Then, up to 16 signals can be generated as the result of each event to give group alarm, or signals can be delayed by up to 1,000 minutes. Furthermore, data can be acquired from 256 analogue signals at the same time and recorded values can be *scaled into engineering* units.

An analogue measured value can be compared with four limit values, two low and two high and if any is exceeded, printout is initiated.

Operator communication takes place via terminals including typewriters, visual display units and programmable function push-buttons. The system can also communicate with a range of remote process data *terminals, programmable logic* controllers and process controllers over serial communication links. Control of the system and the application programming (definition of texts, trip points, etc) can be efficiently accomplished by non-specialist staff using a function-*oriented plain* language which will also permit on-line modifications.

The company says that because of the modular nature of the DS 8AP hardware and software, system engineering and software design costs are minimised, a typical system cost lying between *£20,000* and £50,000.

More from the company at Earl Road, Cheadle Hulme, SK8 6QP (061 485 7121).

Cards read by terminal

FACILITIES for handling magnetic stripe cards coded to International Air Transport Association (IATA) standards are offered by the TEC 70C terminal available from Geveke Electronics, Vale Farm Road, Woking, Surrey GU21 1DW (04862 71337).

This microcomputer-based terminal has a 12-inch screen that will accommodate 25 lines of 80 characters in normal or reverse video. The detachable keyboard incorporates auto-*repeat on* all the keys *and in* addition to the normal character set there are 32 special function keys.

Cards are read by sliding them along a slot at the top right of the keyboard. The card can hold up to 76 ASCII *alpha*numeric characters, the data passing into terminal's memory and to the host central processor. For security reasons nothing appears on the monitor.

As well as airline and credit card transactions, the card can also be used for computing security: it can be coded so that only authorised personnel can access confidential computer files; each such access would be logged with the identity of the person making the request for the file.

● SAFETY

Less risk of a leak

FOR PLASTICS pipework systems conveying hazardous chemicals Chemical Pipe and Vessel Company, Frimley Road, Camberley, Surrey GU15 2QQ (0276 64414) has devised what is termed a dual containment system. It is meant to be installed in those parts of the pipework system which are adjacent to pedestrian or vehicular traffic areas, where the risk of spillage is unacceptable.

The dual containment system merely entails the provision of a second, larger diameter pipe, equi-spaced around the main pipe system, either by utilising spacer discs at predetermined intervals, or ribs to act as a containment in the event of the main pipe being fractured by extremes of temperature, pressure or mechanical stresses.

Obviously, says the company, *longitudinal ribs* give a more rigid construction than spacer discs, but where stiffness is not of paramount importance, discs are recommended as being lower in cost. Permanent drain-off points are connected to the bottom of the outer containment pipe and are led to the ground.

Dual containment systems are designed to meet individual specifications, and are expected to fall generally within a size range ½ inch to 450 mm. The outside pipe would be about two diameters larger *than* the inner.

At changes in direction or branch pieces, fittings are *manufactured in two halves,* with appropriate seals inserted, and are clamped together round the corresponding containment pipe.

The system has other applications other than avoiding hazards. One of these is keeping *viscous liquids* at an even temperature; where warm liquids must be conveyed, the outer containment can be used as *jacketing, hot* water (or other liquid) being circulated through the jacket to keep the primary pipe warm. At present, this would be limited to straight pipe sections only.

● COMMUNICATION

Data from under the water

LIKELY TO find application in a number of areas where data has to be extracted from underwater sensors or equipment is *an acoustic telemetry system* developed by Bell Electronics of Bracknell and now to be marketed on a world-wide basis by Offshore Environmental Systems, Campbell House, High Street, Aldershot, Hants. (0252 315931).

The technique is particularly suited to offshore platforms where lengthy cable runs are difficult to install on structures. Other applications include the *transmission of data from* submersibles to mother ships and from pipelines and other seabed equipment to ships or surface buoys.

Any analogue device — pressure, temperature or electric current gauge — can be used and has its output converted by the submerged module into acoustic pulses. When interrogated from the surface (or from some other submerged point), the sending device first transmits a master timing pulse; this is followed by another pulse, the time spacing of which from the first emission is a measure of the analogue device's output. A second spaced pulse can give a second analogue quantity.

The acoustic carrier frequency is 60 kHz and the total time taken to interrogate a sensor is only a few seconds. Equipment on the surface can deal with up to 80 sending modules.

One of the more important applications to date has been the determination of anti-corrosion potentials on submerged North Sea structures.

● METALWORKING

Clear view of the weld

*AUTOMATIC welding opera*tions can be viewed directly and remotely with the American Optical Welding Monitor 404, launched in the UK by P. W. Allen and Co.

The image of the arc is carried via a coherent image optical fibre bundle and displayed in magnified form on a 3in by 3in plastics back-projection screen.

The impression given is that of *a CCTV* system, but *the* method requires no power, and reduces the brilliance of the arc so that it can be viewed *without eye protection.* For greater distances the screen can be coupled into a closed circuit television system through an adapter lens.

Focus of the objective lens, which is placed 3in to 6in from the arc is adjustable. The ½-in flexible fibre-optic bundle which can be up to 9ft long, is protected by a 0.54in diameter sheath, which has an inside minimum bend radius of 1½in; the field of view is 34 degrees.

More from P. W. Allen and Co., 253, Liverpool Road, London N1 1NA (01-609 1102).

Hardening of steel

A DESIGN of vacuum chamber furnace, model VKUQ has been announced by Degussa of Frankfurt and has a high speed gas cooling system that speeds up throughput.

The furnace is recommended for the hardening *of all air*-*hardening steels, particularly* for tools made from alloyed cold-working steels, hot-working steels and high speed steels. It can also be used for bright annealing and de-gassing, for tempering at temperatures above 500 deg C and for brazing.

Two sizes of the furnace can be supplied, the largest measuring 1,000 x 1,000 x 2,000 mm internally. Maximum temperature attainable is 1,350 deg C and the achievable vacuum is better than one-hundredth of a microbar.

Quick, uniform heating and quick cooling with inert gases flowing at high speed, with swivelling jets to give even gas distribution over the workpieces, ensure rapid throughput of work. Maximum operating pressure is 1½ bar (atmospheres) so that there is no danger of explosion.

More from Degussa, Postfach 2644, D-6000 Frankfurt 1.

Guide for the designer

INTENDED AS a working reference book for draughtsmen and engineers who have to design steel structures and components, and translate their designs into working drawings, "Welded Joint Design," by J. G. Hicks, covers the subject in simple *clear diagrammatic* and tabular form.

It also provides an outline guide to welding processes and *their application, and includes* a bibliography for those who need greater detail.

On the draughtsman's table it should prevent the use on his working drawings of the optimistic term "weld here" and instead include details of correct preparation of joints to be welded, and ensure that the welder can actually reach the joint with his torch.

Welded Joint Design, by J. G. Hicks, illustrated, 82pp, pub*lished by* Granada Publishing, St. Albans, Herts. 0727 72727.

● EXHIBITIONS

Big machine tool show

MACH-80 is planned to be the largest machine *tool* and associated equipment show so far staged in Britain. Products from over 1,000 companies in 25 countries will be on display.

Currently, over 40,000 square metres of exhibition space has been applied for and latecomers will probably take it higher. Five of the National Exhibition Centre's seven halls will be occupied. This represents an increase of 14 per cent over the 1976 exhibition (36,000 sq. m.).

The aim is to turn the more optimistic undercurrent of the moment into hard business. The *optimism stems* from the general recovery of machine tool industries in Europe and from the opening up of new markets *in the developing* world. A major effort is being mounted to attract visitors from overseas.

MTTA, 62 Bayswater *Road,* London W2 3PH, 01-402 6674.

● PACKAGING

Getting the pack weight correct

THE NEED for the packaged food, cosmetic and other industries to meet the requirements of average weight legislation contained in the Weights and Measures Act(1979) has given the W.S. Atkins company, Kins Applied Technology, its third order for a weight control system.

Latest order is from Whitworths Holdings where the weighing stations will be located in the plant adjacent to the packing machines.

Called K 1000, the equipment will provide alarm, shift and and daily report data, allowing *Whitworths Holdings* to meet the new requirements while optimising the packing operation and minimising overfill.

More from Kins Applied Technology, 141 Garth Road, Morden, Surrey SM4 4LF (01-330 6111).

LOMBARD

How to make the dollar mighty

BY ANATOLE KALETSKI

PRESIDENT CARTER's faith in moral solutions to economic problems has been greeted with derision by financial opinion from Wall Street to Bahrain, and the dollar has continued to plunge since his "initiative" on energy. But the American people were, by all accounts, initially impressed by their President's television sermon. Could it be that the people's judgment was the more sagacious and that the continuing fall of the mighty dollar is indeed a moral problem, even if not in quite the way that President Carter meant?

The international investors who are still selling dollars, despite a big jump in America's international competitiveness and a deepening recession which should sharply reduce the trade deficit, have a stern puritanical streak. Deep down many of them feel, and they are encouraged in this by European politicians, that Americans must be punished for their wickedness in consuming too much oil.

How can an improvement in America's trade balance be sustained, ask international investors, while Americans consume four times as much petrol per head as western Europeans? A recovery in the dollar would only undermine the whole world's efforts at energy conservation if it occurred before the American people learnt to tighten their belts, European politicians chip in sanctimoniously. *As long as moralising is the fashion* in the currency markets, being a moralist is not only edifying, but also profitable.

Vast country

But what the moralists sometimes seem to forget is that the United States is a vast country, with a population density one-tenth that of Britain and Germany.

Short of *ceding most of the* country back to Mexico in a desperate barter for more oil there is little that can be done to reduce American oil consumption to European levels. In relation to their country's linear dimensions Americans use much less petrol per capita than Britons and Germans, though more than the Japanese. Figures for petrol consumption in relation to the length of roads and to the linear population density, which give some indication of the "need to travel," suggest that Americans are only slightly more prodigal than the Germans, who, in turn, are significantly worse than the British, French and Japanese.

The statistics that best reflects America's real energy problem is the ratio between vehicle-miles travelled and annual petrol consumption. This comparison shows that Germans get 70 per cent farther on a gallon of fuel than Americans, while Britons travel almost *twice as far. Driving more* economically, rather than driving less, is the key to solving America's energy problem. This should involve no great moral or material hardships, since American drivers have long since resigned themselves to a blanket 55-miles-per-hour speed limit.

More economical driving will not require the total transformation in Americans' lifestyles that Europeans are so anxious to see. It will require two vast investment programmes to replace a fleet of 140m oversized, overpowered cars and to introduce public transport in densely populated areas where it could cut congestion and commuting costs. These are not changes that can or should be accomplished overnight.

An immediate doubling of petrol prices, every European's panacea for America's problems, would certainly encourage the right long-term investment *decisions to be made.* But so would a clear commitment to raising prices to world levels over, say, three years.

Sterling crisis

The market's present attitude to the dollar recalls the 1976 sterling crisis. Then it was Britain's Government spending, *erroneously claimed* to have been wildly out of line with that of other countries, that outraged international investors. It was not until the IMF stepped in to administer symbolic punishment on the Government that the world *rediscovered* North Sea oil.

Perhaps President Carter should now go and plead with the IMF for a loan. M. Jacques de Larosiere could then appear on television and instruct President Carter to double the price of oil over three years, to invest in public transport and to force Detroit to produce small cars. International investors would be so enraptured to see Mr. Carter and the American people publicly chastised that they would pour their money into America and the dollar would become mightier than ever.

Canterbury belles and their cousins

GARDENS TODAY

BY ROBIN LANE FOX

FROM mid-July onwards, I imagine my keener readers reaching for catalogues, wondering where to turn to fill gaps or brighten a new garden, wishing that everything could be found under one heading and understanding at last, when faced with plant-names, why there was more to learning Latin at school than gender rhymes and Caesar's winter quarters.

Lists of herbaceous plants cause me the most anxiety. I can see *faults in almost any* border plant which I might choose, unless it is from one of the great families. Then, it is better served by a specialist nursery on its own. There is one exception, so versatile and so useful that it seems to me to be the answer to everything at this time of year. I refer to the campanula, big, small, biennial, alpine or perennial. I have yet to see one which is not worth buying. You could fill a garden with our native harebell and still be proud of it. But there are many others, all at their best in July.

I must put in a word, first, for the Canterbury Bell. If you want good plants of this for next June, you should sow seed at once. It is cheap and easy, but it is a biennial, lasting for only one year. You sow it now, perhaps best in a box in a cold frame. You can prick it out at the end of the month and move it into a spare bit of ground, spaced about six inches apart, in early September. In April next year, you would have some individual plants strong enough to take their place as early summer bedding. The pinks and whites are a pretty match for the ink-purple variety, so you can be content with a mixed packet. They spread out quite widely and go *up to a height of three feet* or so. If I was starting a new garden now, they are one of the first plants to which I would turn in order to tide myself over the first blank year. But time is slipping by and it would have been wiser to have sown them *a fortnight ago.*

There would be no such hurry about sowing one of the perennial cousins of Canterbury Bells. Any time in July is ripe for this prudent task. From one *packet, you should get 50 or so* plants which can be tucked into any border the following year. The prettiest cottage garden in my area is thick with blue and white *campanula persicifolia* at this very moment. They all began as *seedlings. These are* the thin-leaved variety whose slender stems are set with open cup-shaped flowers to a height of about two feet. Their roots will fit in anywhere, among irises, between stones, beside a path or on the edge of a slope. Plain Alba is a lovely white. Telham Beauty is a pretty silver-blue. They last for ever once you have raised them. Grey-leaved hostas, striped old roses and a mass of these July flowers would suffice for any busy gardener. They can easily be split, divided or left to their own devices.

A bolder colour and a bigger flower can be enjoyed, however, in one called *latiloba.* This will grow in surprisingly dry shade, *even at the foot of a hedge.* It is about three feet tall, saucer flowered and quite indispensable among shrubs, roses or out-of-season clutter. You can pull dozens of new pieces off any old plant. The variety called Percy Piper, after the hybridist at Bressingham Nurseries, Diss, Norfolk, is an especially deep blue violet. It goes well with white. The clumps end up by blocking out weeds.

So much for the saucer-flowered ones. I think that they are certainly the boldest. Refined readers would also like the tubular-flowered varieties, far too seldom seen, though very easily grown in any open soil. For your grey and white garden, one called *burghaltii* is fashionable and well worth finding. The flowers are a slate-blue which occurs nowhere else. They last well and are a fine match for stronger colour. But my *pleasure at the moment comes* more from an inky-mauve variety called *van houttei.* This is quite unjustly ignored. It is a bolder colour. It flowers profusely. You can mass it in the front of a border where its heavy crop of tubular flowers will draw any eye. I consider this a very fine border-plant indeed. You can split it easily into 10s and 20s after a year.

For a long season and two foot high stems of white bells, you should hunt out *alliarifolia* ivory bells. This useful plant has still not made the name which it deserves. The rough and heart-shaped leaves will grow almost anywhere, even in dry shade. The stems arch prettily and although the flowers are not in the first class, they last from late June until September or later. Everybody knows the hosta. Nobody bothers with this equally obliging campanula. One plant multiplies into a mat. I have become very fond of it.

Any small campanula is worth buying and growing. Some are very rare. I was trapped recently at Kew by a visitor who told me that he grew 2,000 species of half-hardy shrubs in Richmond and would swap the name of his rarest plant for mine. Disbelieving him when he told me that his was an elder-bush from Java, I lied through my *teeth and* claimed to grow *campanula morettiana alba* in the open. In fact, the slugs ate my only plant after a year. You can buy very young plants at times from Broadwell Nurseries in Moreton-in-Marsh. The name took my competitor by surprise for a moment. But he soon trumped it with tales of his 16 mimosas, five cordalines and an unknown eucalyptus. There are no frosts in the gardens of the mind.

The white-flowered small campanulas make a charming edge if you can still find them. It is this group on which I would like to end. At Cranbourne Manor, Dorset, a carpet of them sets off the terrace above a fine white garden. The best ones have ash-grey leaves to complement their sheets of flower. Mist maiden, *garganica alba,* white *arvatica,* white *hallii* and one which I believe to be E. H. Frost: any of these are worth grouping beside a path, along a wall or in paving *stones, though* their vigour varies. The plain white form of *carpatica* is one of the strongest whites around, so be sure that you can place it. It is a hard colour, but a bright plant. Nobody would ever *think it rare.* But rarity is not the merit of most of this precious family, the best value as garden-plants to be found at all heights at this time of year.

Oldstock set to make amends

RACING

BY DOMINIC WIGAN

IT RARELY pays to ignore the claims of a Guy Harwood-trained animal when it has been earmarked for a specific race and this is especially true of the Pulborough trainer's three and four-year-old handicappers.

Although a good many ante-*post backers came unstuck with* his Haul Knight, which finished third in the John Smith Magnet Cup, after being backed as if success was a formality, they and many more have taken the plunge on stablemate Oldstock. The three-year-old is now a clear favourite at 8-1 for the Stewards Cup.

This time, it appears more than probable that win-and-place backers, at any rate, will collect, for it is difficult to see the bay not finishing in the first four.

Oldstock was rated by Harwood, at the end of last season, as possibly his best 1979 prospect, after *Ela-Mana-Mou* and Young Generation. He has been slow to show true ability but gave a clear warning at Haydock this month that, given a reasonable draw and good or fast conditions, he could well be the one they will all have to beat in next week's renewal of the Spillers event.

Backed down to 5-2 at Haydock from double those odds for the Lancashire course's Sporting Chronicle Handicap, Oldstock, a rangy Sovereign Path colt, with much room for improvement, held on gamely close home after coming to the end of his tether to beat Bold Shot by ½ a length. Had that race been a *furlong* shorter, and over Goodwood's far less taxing course, I feel sure that Oldstock would have made light of his task.

Set to carry 8 st 7 lbs in the Stewards Cup, Oldstock has the class and frame to defy a stone more, should, as is anticipated, all the weights be lifted by that amount.

Provided that the weather in the London area has not deteri*orated badly by this evening,* tonight's Sandown card should afford some enjoyable racing. Playboy Bookmakers sponsor three events, including the tricky Playmate Handicap, in which many backers will be rowing in with Lester Piggott and House Guard.

Piggott, who took the two other Playboy events last year through Solimena and Celebrated, should get his brother-*in-law's four-year-old home,* provided that he can hold House Guard up for a late thrust. Thirty-five minutes later backers may well do best to take a chance with Parthian Lad, leniently treated with 8 st 1 lb in the Playboy Bookmakers' Handicap.

SANDOWN

5.45—Pace Jean
6.15—Beldale Bang
6.50—House Guard*
7.25—Parthian Lad***
8.00—Philogyny
8.30—The Escaper**

TV/Radio

† Indicates programme in black and white

BBC 1

6.40-7.55 am Open University (ultra high frequency only). 9.30 Roobarb. 9.35 Jackanory. 9.50 C.B. Bears. 10.10 Why Don't You . . . ?. 10.35 The Flashing Blade. 1.15 pm News. 1.30 Barnaby. 4.13 Regional News for England (except London). 4.15 Play School (as BBC-2 11.00 am). 4.40 Vision On. 5.05 Wildtrack. 5.35 Captain Pugwash.

5.40 News
5.55 Nationwide (London and South-East only).
6.20 Nationwide.
6.50 The Wonderful World of Disney.
7.40 The Liver Birds.
8.10 The Omega Factor.
9.00 A Party Political Broadcast by the Conservative Party.
9.10 News.
9.35 Lena's Music.
10.10 Come Dancing.
10.50 Medical Express.
11.20 The Music Makers.
12.10 am Weather / Regional News.

All Regions as BBC-1 except at the following times:

Scotland: 5.55-6.20 pm Reporting Scotland. 12.10 am News and Weather for Scotland.

Wales — 11.30 am - 1.15 pm Cricket: Glamorgan v India. 1.45-4.40 Afternoon Out at the Royal Welsh Show. 5.05 Siangdifang. 5.25-5.35 Dan A'r Deinosor. 5.55-6.20 Wales Today. 6.50 Heddiw. 7.15-7.40 Pawb yn ei fro. 10.50-11.20 Troi'r dail. 12.10 am News and Weather for Wales.

Northern Ireland—4.13-4.15 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 12.10 am News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); *Points West (Bristol);* South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

6.40-7.55 am Open University.
10.20 Gharbar.
11.00 Play School.
4.50 Open University.
6.55 Adventure.
7.45 Mid-Evening News.
7.55 Mother Nature's Bloomers.
8.30 Seven Artists.
9.00 A Party Political Broadcast (as BBC-1).
9.10 My Music.
9.35 "A Man And A Woman," starring Anouk Aimée and Jean-Lois Trintignant.
11.15 Late News.
11.30 Open Door.
12.00 Closedown reading.

LONDON

9.30 am The Living Body. 9.45 It's More Life. 10.05 Farmhouse Kitchen. 10.30 Australian Snakes. 10.50 Family. 11.40 Rocket Robin Hood. 12.00 Cloppa Castle. 12.10 pm Pipkins. *12.30* Emmerdale Farm. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Crown Court. 2.00 Afternoon Plus at Home. 2.25 General Hospital. 3.20 About Britain. 3.50 Definition. 4.20 The Sooty Show. *4.45 Enid Blyton's Famous Five.* 5.15 Batman. 5.45 News.
6.00 Thames at 6.
6.25 Help!
6.35 Crossroads.
7.00 Don't Just Sit There.
7.30 Coronation Street.
8.00 Ain't Misbehavin'.
9.00 Party Political Broadcast by the Conservative Party.
9.10 Maryport.
10.00 News.
10.40 Murder At The Wedding.
10.40 Crits.
11.55 Barney Miller.
12.25 am Close: Personal Choice with *Michael Burrell.*

All IBA Regions as London except at the following times:

ANGLIA

10.30 am All Snails and Sauerkraut. 11.00 Thingummyjig. 11.25 The Southerners. 11.55 Cartoon Time. 1.25 pm Anglia News. 2.00 Houseparty. 5.15 Mr. and Mrs. 6.00 About Anglia. 11.40 Power Without Glory. 12.40 am The Big Question.

ATV

9.15 am Something Different. 10.30 Here Comes Mumfie. 10.40 The Nature of Things. 11.35 The Lone Ranger. 1.20 pm ATV Newsdesk. 5.15 Sam. 6.00 *ATV Today.* *11.40 Have Girls, Will Travel.*

BORDER

10.35 am All Snails and Sauerkraut. 11.00 Stars On Ice. 11.25 The Southerners. 11.50 Cartoons. 1.20 pm Border News. 2.00 Houseparty. 5.15 The Flintstones. 6.00 Lookaround Wednesday. 11.40 The Andy Williams Show. *12.10 am Border News Summary and Weather.*

CHANNEL

1.20 pm Channel Lunchtime News and What's On Where. 5.15 Little Vic. 6.00 Channel News. 6.15 One Man's Music. 9.00 A Chance to Meet . . . Leslie Crowther. 10.38 Channel Late News. 11.40 The New Avengers. 12.35 am News and Weather in French followed by Epilogue.

GRAMPIAN

9.25 am First Thing. 10.35 All Snails and Sauerkraut. 11.00 Thingummyjig. 11.25 The Southerners. 11.50 Cartoon Time. 1.20 pm Grampian News Headlines. 2.25 Family. 5.15 Wild, Wild *World of Animals. 6.00 Grampian* Today and Farming News. 6.15 Laverne and Shirley. 11.40 The Child Wants A Home. 12.10 am Reflections. 12.15 Grampian Late Night Headlines.

GRANADA

10.30 am Tarzan. 11.15 Clapperboard. 11.40 The Beatles. 1.20 pm Dick Tracy. 5.10 Felix The Cat. 5.15 Crossroads. *6.00 Granada Reports.* 6.30 The Squirrels. 11.40 SWAT.

HTV

10.30 am All Snails and Sauerkraut. 11.00 Thingummyjig. 11.25 Southerners. 11.55 Peer Gynt. 1.20 pm Report West Headlines. 1.25 Report Wales Headlines. 5.20 Crossroads. 6.00 Report West. 6.15 Report Wales. 6.30 The Lovers. 11.40 Celebrity Concert.

HTV Cymru/Wales—As HTV General Service except: *1.20-1.25 pm Penawdau Newyddion Y Dydd.* 4.20-4.45 Rydw i Am Fod. 6.00-6.15 Y Dydd.

HTV West—As HTV General Service except: 1.25-1.30 pm Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

10.30 am All Snails and Sauerkraut. 11.00 Time of the Hawks. 11.55 The Southerners. 11.15 Cartoon. 1.25 pm News. 5.15 Popeye. 5.20 Crossroads. 6.00 Scotland Today—Summer Extra. 6.30 Talking Scots. 11.40 Late Call. 11.45 The Entertainers—Patti Boulaye.

SOUTHERN

10.35 am All Snails and Sauerkraut. 11.00 Thingummyjig. 11.25 Southerners. *11.55 Malotoons.* 1.20 pm Southern News. 2.00 Houseparty. 2.25 New Forest Show. 5.15 Betty Boop. 5.20 Crossroads. 6.00 Day By Day. 6.35 Scene Mid-Week (South East area only). 11.40 Southern News Extra. 11.50 George Hamilton IV.

TYNE TEES

9.25 am The Good Word, followed by North East News Headlines. 10.30 All Snails and Sauerkraut. 11.00 Thingummyjig. 11.25 The Southerners. 11.50 Cartoon Time. 1.20 pm North East News and Where the Jobs Are. 5.15 The Brady Bunch. 6.00 Northern Life. 11.40 Police Woman. 12.40 am Epilogue.

ULSTER

10.30 am All Snails and Sauerkraut. 11.00 Thingummyjig. 11.25 The Southerners. 11.50 Cartoon. 1.20 pm Lunchtime. 4.18 Ulster News Headlines. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Ulster Television News. 6.15 The Sound of the Settlers. 6.30 The Flintstones. 11.40 Take The Mick. 12.05 am Bedtime.

WESTWARD

10.35 am All Snails and Sauerkraut. 11.00 Thingummyjig. 11.25 Southerners. 12.27 pm Gus Honeybun's Birthdays. 1.20 Westward *News Headlines.* 5.15 Little Vic. 6.00 Westward Diary. 10.38 Westward Late News. 11.40 The New Avengers. 12.35 am Faith For Life. *12.40 West Country Weather and Shipping Forecast.*

YORKSHIRE

10.30 am Moby Dick and Mighty Mightor. 10.45 Alright Now. 11.10 Young Ramsey. 1.20 pm Calendar News. 5.15 Out Of Town. 6.00 Calendar (Emley Moor and Belmont editions). 11.40 The Odd Couple. *12.10 am The Entertainers.*

Radio Wavelengths

1	1053kHz/285m 1089kHz/275m	3	1215kHz/247m & 90-92.5vhf stereo
2	693kHz/433m 909kHz/330m & 88-91vhf stereo	4	200kHz/1500m & 92-95vhf

BBC Radio London: 1458kHz, 206m & 94.9vhf
Capital Radio: 1548kHz, 194m & 95.8vhf
London Broadcasting: 1151kHz, 261m & 97.3vhf

RADIO 1

(s) Stereophonic broadcast

5.00 am As Radio 2. 6.00 Andy Peebles. 9.00 Simon Bates. 11.00 Radio 1 Roadshow. 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.00 Tony Blackburn. 4.31 Kid Jensen. 7.00 Radio 1 Mailbag. 8.00 Mike Read. 9.50 Newsbeat. 10.00 John Peel (s). 12.00-5.00 am As Radio 2.

RADIO 2

5.00 am News Summary. 5.03 Tony Brandon (s). 7.32 Terry Wogan (s). 10.03 Jimmy Young (s). 12.15 pm Waggoners' Walk. 12.30 Pete Murray's Open House (s). 2.15 David Hamilton (s). 4.15 Much More Music (s). 5.00 News. 5.05 Waggoners' Walk. 5.20 John Dunn (s). 6.15 Sports Desk. 7.02 The Organist Entertains (s). 7.30 Sports Desk. 7.33 Listen To The Band (s). 8.15 The Magic of the Musicals (s). 9.02 Noel (s). 9.55 Sports Desk. 10.02 The Impressionists. 10.30 Hubert Gregg says Thanks for the Memory. 11.02 Brian Matthew with Round Midnight, including 12.00 News. 2.02-5.00 am You and the Night and the Music with Richard Clegg (s).

RADIO 3

†6.55 am Weather. 7.00 News. 7.05 Your Midweek Choice, part 1 (s). 8.00 News. 8.05 Your Midweek Choice, part 2 (s). 9.00 News. 9.05 This Week's Composer: Mozart in 1788 (s). 9.50 Music for Organ (s). 10.25 Bartok and Schubert (s). 11.35 Angela Brownridge piano recital (s). 12.20 pm Franz Schreker concert (s). 1.00 News. 1.05 Northern Sinfonia Orchestra (s). 2.05 Fifty Years of British Music (s). 2.55 Songs by Reger, Wolf and the young Schoenberg (s). 3.45 Youth Orchestras of the World, part 1 (s). 4.15 Talk by John de Dancie. 4.30 Concert, part 2. 5.10 Young Music-Makers (s). 5.25 Homeward Bound (s). †5.45 News. †5.50 Homeward Bound. †6.15 At Home. 7.10 Transcriptions of Chopin (s). 7.30 Proms 79, part 1: Beethoven (s). 8.05 The Arts Worldwide. 8.25 Proms 79, part 2: Mahler, Brahms (s). 9.35 Scientifically *Speaking. 10.20 Music* from Spain (s). 11.55-12.00 News.

VHF Only—6.00-7.00 am and 5.45-7.10 pm Open University.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping forecast. 6.30 Today including 6.45 Prayer for the Day. 7.00, 8.00 Today's News. 7.30, 8.30 News headlines. 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Gardeners' Question Time. 9.35 God In My Language. 10.00 News. 10.05 The Living World. 10.30 Daily Service. 10.45 Morning Story. 11.00 The Magic of Music (s). 11.45 Listen With Mother. 12.00 News. 12.02 pm You and Yours. 12.27 I'm Sorry I Haven't A Clue (s). 12.55 Weather, programme news. 1.00 The World At One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.05 Afternoon Theatre. 3.50 Choral Evensong (s). 4.35 Story Time. 5.00 PM: News Magazine. 5.50 Shipping forecast. 5.55 Weather, programme news. 6.00 News. 6.30 The Enchanting World of Hinge and Bracket (s). 7.00 News. 7.05 The Archers. 7.20 Let's Get This Settled. 7.45 Lifelines in Medicine. 8.45 Where God Is Black: Christians talk about their experiences in Uganda. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Round Europe Quiz. 11.00 A Book At Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 9.00 London Live. 12.03 pm Call In. 2.03 206 Showcase. 4.03 Home Run. 7.00 Black Londoners. 8.00 In Concert. 10.03 Late Night London. 12.00 As Radio 2. 12.05 am Question Time. 1.05-5.00 Join Radio 2.

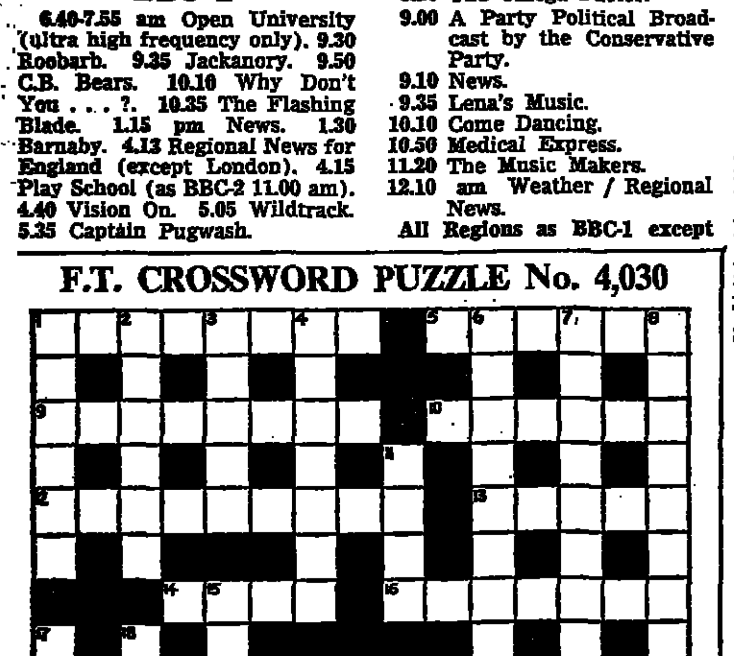
London Broadcasting

5.00 am Morning Music. 6.00 The AM Show. 10.00 Brian Hayes. 1.00-8.00 pm LBC Reports with George Gale at 3.00. 8.00 After Eight. 9.00 Nightline. 1.00 am Night Extra.

Capital Radio

6.00 am Graham Dene's Breakfast Show (s). 9.00 Michael Aspel (s). 12.00 Dave Cash (s). 3.00 pm Roger Scott (s). 7.00 London Today (s). 7.30 Jazz on a Summers Day with Adrian Love (s). 9.00 Nicky Horne's Your Mother Wouldn't Like It (s). 11.00 Mike Allen's Late Show (s). 2.00 am Mike Smith's Night Flight (s).

F.T. CROSSWORD PUZZLE No. 4,030



ACROSS

1 Town in Norfolk always cut off (8)
5 Be a bird and make a hasty departure (4, 2)
9 Fish a location with sycophant (8)
10 Soldiers spin around and pull a muscle (6)
12 Say farewell and get a holiday (4, 5)
13 Snake I caught in the jelly (5)
14 Worry about ornamental network (4)
16 Travel in explosive aircraft (7)
19 Impel to accept first half of ride and thus endanger (7)
21 French key in article forfeited (4)
24 *Continental root* vegetable (5)
25 Fish with female cleaner (9)
27 Soldiers with thick string and tape (6)
28 Thought it could be a posture (8)
29 Incongruous piece of plaster put to your head (6)
30 Note it could be a whim (8)

DOWN

1 Appoint as agent and put in river (6)
2 Stop working a geological discovery (6)
3 Art supporter is to move slowly left (5)
4 Withdraw the essence (7)
6 Lay stress on to see his map distorted (9)
7 Vagrant went in front and trod forcibly (8)
8 A net put up over metropolis for obstinacy (8)
11 Handled material (4)
15 Two groups of soldiers going to ground—that's elemental (4, 5)
17 Publicises outing from runway (8)
18 Blow in a superior joint? (8)
20 Thrash to add a little spirit (4)
21 Singer taking part of bagpipe (7)
22 Waylay a military leader going over shrub (6)
23 Diligently applied as Boy Scouts may be (6)
26 Hush, it's a card game (5)

Solution to Puzzle No. 4,029

H	O	R	N	P	I	P	E	■	I	M	P	O	S	E
O	■	A	■	A	■	O	■	■	■	U	■	L	■	S
T	A	K	E	D	O	W	N	■	A	S	S	I	S	T
E	■	I	■	D	■	E	■	■	■	H	■	V	■	E
L	A	N	D	L	O	R	D	■	G	R	I	E	V	E
S	■	G	■	E	■	H	■	A	■	O	■	O	■	M
■	■	■	■	■	C	O	M	P	R	O	M	I	S	E
C	■	S	■	S	■	U	■	P	■	M	■	L	■	D
O	U	T	M	E	A	S	U	R	E	■	■	■	■	■
M	■	A	■	T	■	E	■	E	■	P	■	I	■	I
P	A	R	I	T	Y	■	S	C	R	A	P	M	A	N
L	■	L	■	L	■	■	■	I	■	P	■	P	■	H
E	L	I	C	I	T	■	L	A	T	I	T	U	D	E
T	■	N	■	N	■	■	■	T	■	S	■	G	■	R
E	N	G	A	G	E	■	S	E	N	T	E	N	C	E

هكذا من الأحل

THE ARTS

Television

Great moments preserved

by CHRIS DUNKLEY

The popular myth about television being notably "ephemeral" was shown up in all its falseness yet again during the weekend. The 10th anniversaries of man's first landing on the moon and of the investiture of the Prince of Wales would have passed virtually unnoticed had it not been for television's love of all anniversaries great and small. If television really where ephemeral, we should hardly have been afforded the nostalgia contest which BBC and ITV laid on.

True the BBC was alone and three weeks late in commemorating the royal occasion, yet cannot be accused of doing things by halves: not only did BBC2 broadcast on Saturday an edited version of the investiture itself complete with the uncomprehending silence which greeted Prince Charles's reference to Wales producing "a memorable Goon," but on Sunday BBC1 followed up with an hour of musical *Celebration*.

Both events occurred at Caernarvon (or Caernarfon as Radio Times would have it, though Firenze, Athinai, Moskva and so on still appear sensibly in their English versions) and it was a toss-up whether the weather was worse in 1969 when the Queen carried a lemon yellow umbrella *to match the skirt whose hem* came well above her knee and dated the programme as specifically as a postmark, or this year when Prince Charles and Cliff Morgan gave a marvellous *demonstration of the stiff upper* lip, sitting isolated but unflinching on an exposed slate podium while the rug-wrapped audience huddled in the lee of the castle walls.

The archive programme which had an unexpectedly powerful period flavour to it (surely nobody would dream of constructing that trendy transparent canopy today) very successfully recalled the brief period of British over-confidence which was ending in the summer of 1969 but which flavoured the investitute with a peculiarly bright benignancy.

The feel of *Celebration*, despite the efficiency of the counter marching guards and the *athleticism of the* orchestra's conductor, was constrastingly dull and second-rate. No doubt this was partly due to the smothering effect (which is familiar from so many other *programmes over the years from* Scotland and Ireland as well as Wales) of the too-conscientious exhibition of what is fondly regarded as local colour: always there are singers or musicians *against massive castle walls and* louring skies; always they wear dreary locally crafted clothes; always they sing monotonous songs, incomprehensive even to other locals; and always there *are harps around somewhere.*

Anyone who has heard Welshmen giving voice freely whether it be at Cardiff Arms Park before a rugby match or in the back bar of the Ship Aground *on a Saturday night in* Talsarnau knows the true magic and majesty of Welsh singing and knows that it was sadly absent from the BBC's *Celebration.*

The programme was dutiful enough but lacked the inspiration (or luck) which is necessary before television can fulfil one of its most exciting functions: not just to represent or vaguely reproduce but actually to *communicate* the achievements of the few to the eyes and ears of the many. Occasionally it happens in a sports programme (the All Blacks playing the Barbarians for instance) and once in a while during a documentary (an *Omnibus* episode called "Big Ware" about a maker of giant flower pots comes to mind) but most often it occurs in current affairs programmes when the subject is quite beyond television's own control.

The space programme was probably the best ever example of this. The BBC's *Project Apollo* showed it was to a large *extent a propaganda exercise,* but it was certainly not that alone which made television such an important part of the whole business: it was the fact that television could be there in real time and could allow all those with access to a screen to watch as it actually happened—*just as though the citizens of* Tudor England had all been able to see Columbus stepping ashore in the Bahamas.

(While we are on first steps, *incidentally*, the anniversary programmes convinced me that Neil Armstrong must have over-rehearsed his famous line and lost the indefinite article. He was surely intended to say *"That's one small step for a* man but one great leap for mankind." Thank goodness for the less contrived earlier and far more dramatic message which came to us so clearly across *239,000* miles of space. "Tranquility base: the Eagle has landed.")

The main point I want to make about the moon landing is that, like the investiture, its 10th anniversary was brought to our attention and the occasion was replayed for us not by the colour magazines, not by radio, and not by newspapers—not in any widely noticeable way at *any rate—but by television.* It is more proof if any were needed that "ephemeral" is just not an accurate word to describe the technical drawbacks of television which are to do with access, availability and timing and nothing at all to do with transcience.

The Oncdin Line, sailing into yet another series in real ships—no prissy tank shots here, thank goodness—is approaching its ninth year, and still James does not understand women: he has just bought wife Letty a 12-bedroom mansion when she particularly wanted a small villa. 'Twas ever thus, there is nothing in the least ephemeral about the series. The word cannot even be applied to individual episodes since any viewer may rent a video recorder and collect programmes like books.

It is worth returning to the space programmes, however, because as well as discrediting the old "Here today, gone today" myth they also exemplified intriguingly contrasting ways of approaching a single subject. *Project Apollo* was methodical, explicit and analytical. *The Space Movie* on ITV was discursive, impressionistic, and emotional: If you happen to have been excited by space exploration and seen it as mankind's only outgoing, striving, yearning effort for a very long time then Friday was a good day to have a video recorder because the two programmes (which clashed predictably enough), complemented one another.

The Space Movie, which ITV bought from the independent company Virgin Films, was directed by Tony Palmer and accompanied by an awful lot of Mike Oldfield's music — just about everything he has ever *written by the sound of it, from* Tubular Bells to On Horseback. Those who feel his music eventually grows monotonous will presumably have had the sound turned off long before the film had run its full 90 minutes.

Palmer's opening sequence was surely just what was wanted: Kennedy declaring that America chose to accept the challenge of space, then a little *about the Russians, some* weightless floating, and straight into the marvellous adrenalin-inducing build-up to blast off. It was hardly Palmer's fault that ITV at its most bathetic *and cynically commercial* allowed his film to approach its first superbly orchestrated climax, and then on the words "Three! Two! One!" cut into an advertisement for "The Big Q Sale." (In London, anyway. Other ads in other regions, no doubt, but all at the same disastrous point.)

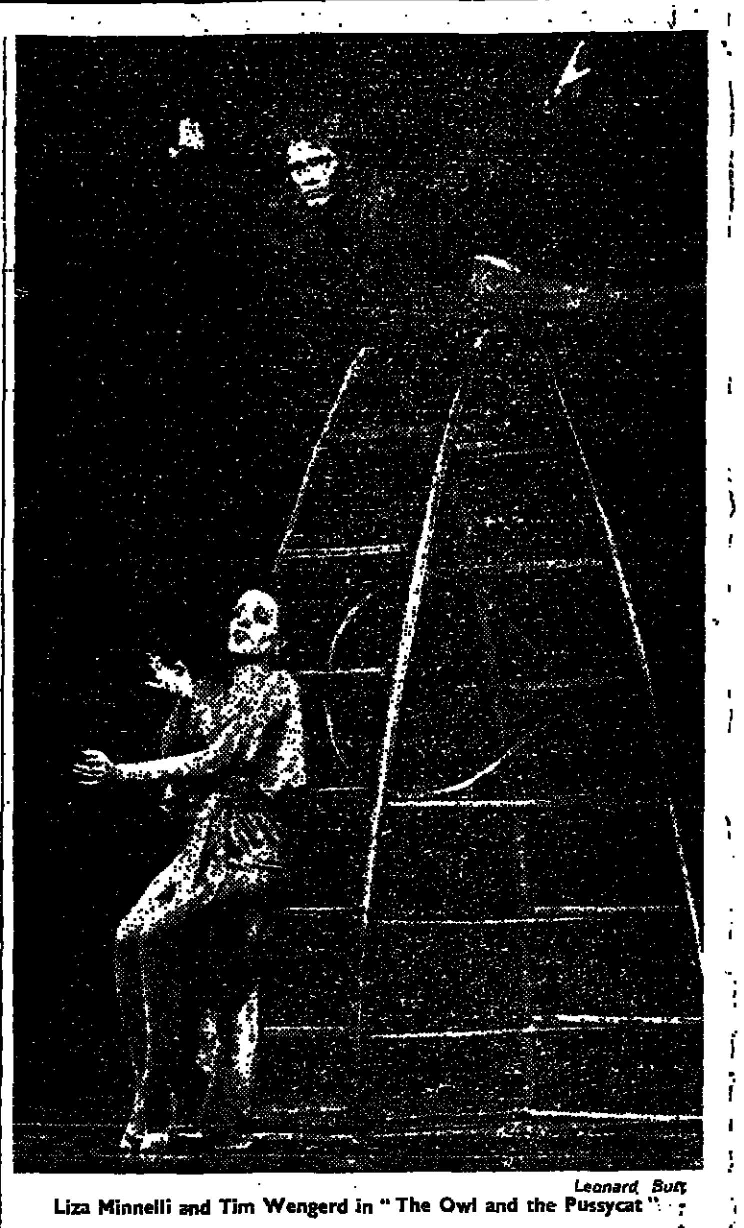
The Space Movie was billed as "a celebration," and so it was. Its appeal to the emotions via pictures and music will certainly be even more powerful in the cinema where it is later due for release.

The BBC's *Project Apollo* was a far more conventional television work, complete with personable presenter — James Burke — and an emphasis on words, television being primarily a verbal and not a visual medium. Stuart Harris' *programme also exploited some* interesting techniques such as a four-way split screen in which the narrative was pushed along by freezing the action in successive quarters. Typically, *however*, while *The Space Movie* was getting its effect from a big close-up on a massive caterpillar track advancing through a heat haze with Oldfield's glockenspiel tinkling on the soundtrack, *Project Apollo* was showing Burke announcing crisply "Forty seconds later *this* light came on, then *this* light."

The BBC took clever advantage of its greater facilities in time and channels and mounted on BBC2 a second part to the programme which looked into the politics and propaganda of the space race and asked why "nothing failed like success," thus ensuring that the main programme on BBC1 did not turn the commemoration of a great achievement into a snide post mortem. On the other hand, Burke and Harris cannot be accused of anodyne celebrations because they did have Part 2.

Yet the BBC effort was certainly not in all ways superior to Palmer's. One is glad that both exist, glad of a video recorder to make both accessible, and glad of a medium of permanent record such as television to ensure that the first step on the moon and similar ephemeral events are preserved for posterity.

A Royal investiture . . . and a walk on the moon



Leonard Burt

Liza Minnelli and Tim Wengerd in "The Owl and the Pussycat"

Covent Garden

Martha Graham Gala

by CLEMENT CRISP

Three years after storming the Bastille of classic dance, Martha Graham has returned to the Royal Opera House with her company for a two-week season. We began on Monday, as we did in Bicentennial year, with Graham herself, enthroned and enthralling on the stage, talking to us with wisdom and humility and boundless charm, recalling how Starke Young said "I always feel she's going to give birth to a cube on stage" and telling us how to dance "is to learn the language of this creature" as she gestured to her body.

We were then shown the language she has taught us, first in *Diversion of Angels*, and later in *Errand in to the Maze*. Both are major works in the Graham canon, dating from the late 1940s with *Diversion* a celebration of a joyous serenity of flesh and spirit, *Errand* an exploration of the mind's anguish made starkly real. Where Graham has journeyed we have followed, and in her company today we still respect the questioning, and the answers, to which Graham has devoted her genius.

But I must record that I find the Graham style lighter, neater than heretofore. In *Diversions* the dance looked almost too graceful, too well-polished. Its *impetus was fast, but I treasure* earlier performances in which energies seemed more strongly muscled, weightier: only in the *closing section did the Graham* manner look inevitable, its power uncorrupted by a balletic fleetness.

In *Errand into the Maze* Peggy Lyman became the authentic expression of Grahamesque suffering, drawing us into the labyrinth of her anxiety; but here again the Creature's lowering presence seems altered, with George White, Jr's, dancing more fine-drawn than in previous interpretations.

About the closing *The Owl and the Pussycat*, which is only a year old, I must admit complete incomprehension. I find it wrong-headed on every count. There is a raucous score by Carlos Surinach which accompanies a series of *tableaux mourants* that batten upon poor Edward Lear's text. Additional mayhem is created by Liza Minnelli who orates the verse, line by line, word by word, with a monumental archness, and a nice disregard for the innocence and inconsequentiality of the *original. Every phrase is vocally* belaboured; every incident in the story is choreographically distorted or traduced in a gratuitous search for comedy. I thought it beastly. But there are *better things to come in the* season.

Cambridge, Massachusetts

Full Moon in March

by ANDREW PORTER

John Harbison, born in 1938, is one of the more important American composers of his generation. His background is Princeton—Roger Sessions—and since 1963 Cambridge, Mass., first at Harvard and then at the Massachusetts Institute of Technology (which, despite its name, is a large and important all-round university). He is a teacher, a conductor, and above all a composer of *works that* enshrine poetic visions in precise lyrical, and beautifully wrought music. Some early pieces are available on record; later ones that I have admired are *Diotima*, a tone-poem after Hölderlin premiered by the Boston Symphony in 1977, and *The Flower-Fed Buffaloes*, a cycle for baritone, chorus, and seven players premiered at a Speculum Musicae concert last year.

He has written two operas: *Winter's Tale*, which is having is first performance in San Francisco later this summer, and *Full Moon in March*, which was given its first performance this spring by the Boston Musica Viva in Harvard's Sanders Theatre. The text is Harbison's own abridgement of Yeats' late dance-play, itself Yeats' reworking of *The King of the Great Clock Tower*, written for Ninette de Valois in 1934. It is one of his ritual works, influenced by Noh: just two characters, the Queen and the Swineherd, and a chorus of two—and behind it hints of *Orpheus, Salomé, Turandot*, and Mallarmé's *Hérodiade*. In *Come Dance with Me*, Dame Ninette recalls that after the dress-rehearsal of *Clock Tower* the actor who played the King (a role omitted in *Full Moon*) sighed, shook himself like a dog, and said, 'Well, may the spirit of Mr. Yeats be with us tonight, and may it spread *itself a bit and give a clue to* the audience as to what it all is that we be talking about'."

In *Full Moon*, a coarse Swineherd comes to the Queen who has promised her hand to him "*that best sings his passion*." Before he can sing, he is beheaded; but the Queen dances with the head, and it sings to her. "She stood all bathed in blood. The blood begat." It *seems to be a late epitome of* the author's long, oft-expressed obsession with the Muse and the Poet; aspects of Maud Gonne and Yeats; the lovely, lonely virgin and the ardent, aspirant *man who at once is her victim* and fructifies her.

Commentaries on the play have been various and contradictory. Harbison set to work without fussing too much what it might mean. According to his note, "this opera was written in a non-reflective state, well before any effort had been made to understand the matter, beyond the absorption of the images." Seized by mystery and power of the rite, he "enacted" it with the vivid and beautiful music, for mezzo and baritone, soprano and tenor as chorus, and an ensemble of eight players. (The piano is "prepared" so that it serves as a exotic percussion instrument, a *jeu de timbres*.)

What has been published of Edmund Dulac's and Walter Rummel's original scores for *Yeates' earlier dance-plays*, and of Arthur Duff's for *Clock Tower* fulfils the poet's wish for songs in which "every word . . . every cadence, is audible and expressive as if it were spoken," for "*music that shall mean nothing*, or next to nothing, apart from the words." But *Fighting the Waves*, another de Valois-inspired piece, had a fierce, assertive score by George Antheil, and in allowing it Yeats said he had "gone over to the enemy." Drum, flute, and zither are the only instruments he specified for *Full Moon*, which contains four songs and a dance framed in blank-verse dialogue and choric commentary. Harbison has set it to continuous music: from the dialogue he extracted an aria apiece and a duet for the Queen and the Swineherd.

The songs are recognisably *songs*, sung to strong melodies *of bold outline and sensitive* rhythm, with something of a ballad cut about them. The Swineherd's aria is moving and *powerful: arabesques from the* bass clarinet add poetic overtones to his blunt statement. The Queen is a cousin of Szymanowski's Roxana; her music is wound with a sinuous oboe line. In their duet, the two lines are excellently opposed, and so led that even when they join in octaves or tenths they seem to be in emotional conflict. The dance is animated and graphic but not vulgar. The final, lofty choric stanzas ("Why most, those holy, haughty feet descend") recalls the chorale at the end of *The Rape of Lucretia* in motion, texture, and even harmony.

The Cambridge performance, conducted by Richard Pittman, was well played, and it was well sung—by D'Anna Fortunato, David Arnold, and as the chorus Cheryl Cobb and Kim Scown. But Sanders is a place of tricky acoustics, and the instruments tended to drown all voices except Mr. Arnold's. (My review is based on supplementary hear*ings of a radio tape, which* was better balanced.) The staging was commonplace, and the dancer who takes over the Queen's final scene lacked the resource and personality for the climax of the rite.

Harbison's music is hard to describe. One can point to "parallels" here with Stravinsky, here with Szymanowski, here with Britten—but it doesn't sound with eclectic and it does sound personal. It is unfailingly lyrical, and non-doctrinaire. The timbres often have an Oriental tinge; the harmonies are Western. It is imaginative music written without preconceptions, under the inspiration of the play, directly and fluently, and then carefully refined by someone with a keen ear for expressive connotations of timbre, harmony, and melodic gesture. *Full Moon in March* is an opera that held the ear and stirred the mind. It lasts 35 minutes. British companies contemplating a triple bill should consider it.

Bristol New Vic

Eau for a Muse

by MICHAEL COVENEY

Michael Rothwell, a leading one-man show specialist in these parts, is ensconced, until Saturday, in King Street as part of the World Wine Fair and Festival currently enlivening the city. His sponsors are Perrier. Mr. Rothwell judiciously places one of the famous green bottles on the set, which comprises garden furniture, several large potted palms and, centre stage, a practical Twyfords basin decked out with greenery. Enter our host in a heavily pressed lounge suit that is either green or grey or perhaps both. He resembles Mike Yarwood, but reminisces in the style of Arthur Marshall.

The extremely subtle presentation is a combination of childhood memories in the aftermath of war and of literary quotation from sources as diverse as Swift, Thomas Hood, Alan Bennett, Hans Christian Andersen and Longfellow. Wrestling with some soda water equipment, Mr. Rothwell hilariously recounts how he produced an explosion so enormous "that it locked cupboards in the kitchen." Tales of amateur dramatics in Sheffield find their place as evidence of an oasis of culture in the slums. And we learn that the first public lavatory in London was erected for the Great Exhibition and that an American, Thomas Crapper, merits a mention in the history of lavatory humour.

We have a lightning tour of European spa towns and a good selection from Mr. Rothwell's favourite absurdist, Alphonse Allais, who devised a frosted aquarium for shy fish. (Allais, Mr. Rothwell reminds us, once submitted a blank white canvas for exhibition with the title "Anaemic young girls in white dresses going to their First Communion in a blizzard." I found the delightful strains of Saint-Saëns distracting me from the recital every now and then but, in all, this is the best, and most original, one-man entertainment I have seen in a long while.

Dance Theatre of Harlem

Sadler's Wells Theatre is having a two week season of Dance Theatre of Harlem from August 7-18. This has become possible due to the company's engagement at very short notice to appear at the Venice Festival.

When the Company visited the Wells for the first time in 1974 they were a sell out and had to come back for an unscheduled week to satisfy ticket demand.

Dance Theatre of Harlem (directors Arthur Mitchell and Karel Shook), the world's only *black classical ballet company*, present a mixture of their most popular works from previous seasons at Sadler's Wells together with new ballets. They perform in a repertoire of three separate programmes.

RSC's second small scale UK tour

The Royal Shakespeare Company is to undertake its second successive small-scale tour following the success of its pioneering small venue tour of the regions in 1978.

Starting next month a company of 15 actors will spend 15 weeks visiting 26 towns in England with two productions, Shakespeare's *Much Ado About Nothing* and Brecht's *The Caucasian Chalk Circle*.

The tour is part of the national touring programme arranged by and with financial assistance from Arts Council Touring and is made possible by the support of Hallmark Cards who sponsored the RSC's 1978 small-scale tour.

FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY

Telegrams: Finantimo, London PS4. Telex: 886341/2, 883897

Telephone: 01-248 8000

Wednesday July 25 1979

Spending 'cuts' in context

IN THE past few days the media have been lurid with reports of massive cuts in public spending under discussion in a divided Cabinet. Figures of £4bn or more have been rumoured, and trade union leaders have been busy translating these into thousands of lost jobs. Yet as the Chancellor made it clear at the FT Budget Conference on Monday, the Cabinet has not strictly been discussing cuts at all. The effort for next year, like the cuts in Sir Geoffrey's first Budget, are simply designed to *hold the total of public spending* where Labour left it in 1978-79 and to attack plans which Labour had regarded as untenable after the pay breakthrough.

Second thoughts

The Government is not altogether to be blamed for this misapprehension—though the Conservatives in opposition were ready enough to point out that similar exercises in the past by Labour governments were not cuts, but simply second thoughts about unrealistic plans. *All* the same, the Treasury system of public expenditure control, under which White Paper plans are temporarily sacred, does make such "programme cuts," as they are officially known, difficult and contentious to carry out. The nature of the present review, which appears to be concentrated on current rather than capital spending, and in which some programmes must be genuinely cut to make room for increases in defence and police expenditure, no doubt involves some *really* painful decisions.

In principle, the Government is entirely right to face these decisions. Not only the election, but the wave of labour disruption last winter, showed clearly that what the workers and voters of this country want first and foremost is money in their pockets rather than increases in the "social wage," as sup*porters of public spending like* to call it.

This understandably distresses men who have fought for a lifetime for various worthwhile social causes, from decent pensions to nursery schools. They may well wish that the British had the more open-handed view of welfare spending and foreign aid found in *the Scandinavian countries* or in Holland. But it was not Mrs. Thatcher who made public spending an unpopular phrase in the British vocabulary. It was the trade union members who went on strike last winter and voted for Mrs. Thatcher in May.

It is equally right that the stress should be on current programmes. It is only here that continuing economy can be achieved. Cutting capital investment—Labour's habit in office—is an even less sound way of financing current consumption than selling publicly-owned assets, and it is reassuring to *know* that the Government's ambitious programme of asset disposals, which can be criticised and defended on other grounds, has not been seen as a soft alternative to programme reviews.

There is a further reason for cuts, real ones this time, which will hurt the unions: these are manpower cuts to offset the large increases in public sector pay now being negotiated through the Clegg Commission. This is simply the hard meaning of cash limits—the public sector equivalent of competitive constraints on pay in the private sector.

Passive role

However, there are two large *classes of expenditure which* cannot be stabilised so sensibly as current spending on services. These are the expenditures which are demographically determined, such as pensions and to some extent education, and spending such as unemployment benefit which varies according to the state of the economy.

Here the Government should adopt a more passive role. Pensioners should not be impoverished because they are numerous, if at all possible; and *welfare spending can be a useful* built-in economic stabiliser. It is a little disturbing in this context that the Chancellor should have defended the cuts in relation to the borrowing requirement as well as to the demand on resources. The borrowing requirement tends to vary cyclically. Sound money and public preference demand economical management of the public purse. They do not demand a rule which would compel the Government to deflate more savagely in a recession than in *a boom—an instability rule.*

Moscow's costly ally

ONE-BY-ONE the Soviet Union's new-found allies are proving expensive and politically embarrassing. *Vietnam* has cost it money and, because of the boat people, prestige. Ethiopia has involved it in crushing the type of movement it claims to aid, the Eritreans' liberation struggle. Now Afghanistan is proving the most poisoned chalice of all.

Sharing a 1,000-mile border with the Soviet Union, Afghanistan has long been important in Russian strategic thinking. Moscow fears an Islamic republic in Kabul might have repercussions on the Moslem minorities in Uzbekistan and Turkmenistan. It is concerned to limit the encirclement it sens—by China and Japan in the East through to NATO in the West. Less important, given the realities of today, are the historical ambitions it once had for a warm-water port in the Indian Ocean.

Helping hand

Mr. Harold Macmillan recently said how Britain had fought three wars to keep the Russian bear out of Afghanistan, only to see it enter unnoticed one weekend last year. But the coup which brought the present pro-Soviet régime of Mr. Noor Mohammed Taraki to power came after two decades of growing Soviet influence.

Selling arms and lending a helping hand t othe King and his successor, President Daoud, was one thing. It was another to be drawn, hand and arm into supporting the régime which overthrew Daoud and then finding themselves expected to support it against many of its own people.

The writ fo Kabul has rarely been respected by such people as the Pathans in the north and the Baluchis in the south. But the present régime set out to overturn the traditions of the centuries, to introduce land reform, to abolish the dowry system, and radically to change education.

Many of its reforms had long *been urged by outside* advisers, western and eastern, but it couched them in the rhetoric of socialism, offending traditional beliefs. Its record on human *rights is bad. Even those who* should have benefited from land reform appear not to have been won over.

The result has been the spread of insurrection. The country's second city, Herat in the West, came under rebel control for three days in March following an army mutiny. Troops have rioted in the southern city of Kandahar and the road between Kabul and Pakistan has reportedly been cut by rebels three times this week.

The Soviet Union has sent in 4,000 advisers, about one-third of them working with the Afghan armed forces. It has also supplied planes, helicopters and armaments. But even so the regime is able to control little more than the main towns and main roads.

The rebels have been financing themselves from the opium trade. They have also been supported by their fellow tribesmen in Iran and Pakistan. But the Iranian authorities, who are predominantly Shiite Moslems in contrast to the mainly Sunni Afghans, appear to have been far less involved than the Pakistanis. There are now 120,000 Afghan refugees in Pakistan and they have been active in the recent fighting east of Kabul. Moreover, the Soviets are convinced that the Pakistanis have let the Chinese become involved in arming and encouraging the rebels.

Options

The relationship between China and Pakistan is a further reason why Moscow is determined not to see a regime *friendly to Pakistan in office in* Kabul. At present the opposition to the present regime is divided but it still presents a military threat sufficiently strong to force some unpleasant decisions on Moscow.

One option is for it to do nothing, trusting that if the Taraki regime falls any regime which follows will accept that the Soviets for all their current unpopularity in Afghanisan are too powerful to be neglected. This involves it in being seen to abandon an ally while the second option—taking over the war directly—is more unattractive given the fierce countryside and even fiercer rebels. A third possibility is that it might allow *Mr. Taraki* and the *regime's* strong man, Prime Minister Hafizullah Amin, to be replaced by the Parcham group (also pro-Soviet) which has been purged *and exiled in the past year. But* this will hardly be seen as a change by the rebels and instead the only certainty is that the fighting will continue. Strategic gains, the Soviet Union is learning, have their drawbacks.

Endeavouring to keep BS in the launch stakes

BY IAN HARGREAVES, Shipping Correspondent

A CLYDESIDE MP told Sir Keith Joseph recently that the Industry Secretary's visit to Govan Shipbuilders on the Clyde had *been described* locally as the passing of the angel of death. On Monday, Sir Keith and his junior minister, Mr. Adam Butler, did their best to counter *this* allegation by donning the cloak of the angel of mercy.

They told the Commons that they would go on subsidising British Shipbuilders' trading losses at the rate of £100m this year and £90m next, and that they would retain the £250m cash limit already set by the previous Government. Intervention funds to subsidise order bids are also to be retained at £120m over the next two years.

It required a magnifying glass to spot the differences between this package—from a tough Conservative administration dedicated to the market economy—and the proposals made on the eve of the General Election, with what was taken to be vote-seeking generosity, by Mr. Gerald Kaufman, then the Labour minister responsible for shipbuilding. Both policy statements agreed to set British Shipbuilders' commencing capital at nil, both undertook to finance the bringing forward of public sector ship orders and both offered special credit for UK owners converting ships in UK yards.

Under the magnifying glass, of course, there are a few differences. In one respect, Mr. Butler has been more generous, by agreeing to pursue at extra cost a scrap and *build scheme* for shipbuilding with the EEC. On the other hand, unlike Mr. Kaufman, he has refused to underwrite British Shipbuilders' desire to retain 3½ per cent of the world shipbuilding market, meaning an output of 430,000 compensated gross registered tons (cgrt) in 1981, compared with over 600,000 cgrt last year.

Manifesto climbdown

Mr. Butler is not saying that British Shipbuilders should not seek this goal, which would limit redundancies to about 8,000 in the next 18 months, simply that he cannot guarantee it. Use the magnifying glass, however, on Mr. Kaufman's statement and you see that he was not guarantee*ing it either.*

Perhaps the most surprising element of the Conservative approach is the reneging, at least for the foreseeable future, on the manifesto commitment to sell back to private enterprise the saleable parts of British Shipbuilders. This line in the manifesto only appeared because of Sir Keith's insistence in the teeth of strong opposition from advisers who knew the industry better. It sounded from Monday's statement as if Sir Keith and Mr. Butler are hoping that British Shipbuilders *will eventually become strong* enough to permit a BP, British Airways or British Aerospace solution of equity participation. That day is a long way off and it leaves *disappointed* the former owners of the profitable warship yards of the corporation, all of whom wanted their companies back. It also means no support for those currently bidding to buy and reopen the Falmouth shiprepair yard. Mr. Butler made it clear that he is putting no pressure on BS to dispose of this subsidiary.

Sir Keith has agreed to be so much easier on shipbuilding than on steel, which is faced with a definite instruction to eliminate trading losses next year compared with a vague "review" after two years for British Shipbuilders.

The obvious explanation is that the shipyards are in a worse *state than the Tories could have* imagined before the election. Also important, however, are the facts that nationalisation is still only two years' old and therefore, arguably, has not had a chance to demonstrate its effectiveness; that the sums of money involved are small when compared with steel; and that from the defence point of view shipbuilding is a small but vital strategic industry.

What the new Ministers saw when they looked at the books was the prospect that the whole of the merchant shipbuilding industry could run out of work and collapse by mid-1980. Mr. Butler then agreed to make a major tour of the yards before reaching conclusions.

What he saw was the evidence of massive investment, much of which has only come on stream since the recession began. Cammell Laird may be tainted with *Merseyside's general image of* disruption and decay, but the visitor can see in an instant that its covered twin berth is as good as any in the world. The same is now true of core facilities at Sunderland Shipbuilders, Austin and Pickersgill, Appledore Shipbuilders and, outside British Shipbuilders, at Harland and Wolff.

Some attempt clearly had to be made to preserve this legacy at a time when the industry can truthfully argue that its worst problems are those of a world recession which has caused *shipyards* throughout the developed world to equal or exceed losses in the UK.

What has been offered both by *this* Government and the previous one remains only an attempt. It could fail because its cornerstone is an intervention fund offering 30 per cent discounts on British ships which in the last year has not worked. In 1978 the scheme won only 230,000 cgrt of orders (just over half the intended output at the forecast bottom of the recession in *1980-81*) and only £16m of the £85m authorised was actually spent.

Mr. Butler is pinning great hopes on persuading the European Commission that, having abandoned the Kaufman target of retaining a fixed market share, he is truly applying tapering aid linked to restructuring of the industry, in line with EEC policy. This, he hopes, will allow the Commission to release the UK from its obligation to submit for detailed scrutiny every application for use of the fund. This has led to long delays in processing orders and consequently to lost business.

Scrap and build — offering shipowners a premium for scrapping two tons of ship for every ton they agree to build—might also produce a few orders next year, although no one is expecting a bonanza. Slightly easier export credit terms will be more useful, but these have still to be pushed through the OECD, whose shipbuilding group does not even meet again until October.

But *some officials who have* watched the damming of the breach in the shipbuilding dyke with bigger and bigger subsidies in the past three years believe that in spite of aids the merchant shipbuilding industry is doomed to collapse.

Running out of work

There is no doubt that in spite of the current aids, some yards will run out of work in the next six or nine months. Govan on the Clyde promises to be the first, later this summer, and the only question then is whether British Shipbuilders' *new and apparently generous* loss limits will allow it to hold on to workers when there is no work for them to do. The answer is that the loss limit will not permit this, at least not for more than a very short period when definite new contracts are in sight. BS will today report losses of around £45m for 1978-79, but the figure is expected to grow again this year.

There is no doubt that British Shipbuilders intends to retain Govan as a core yard of the future, but this does not automatically mean that it can avoid a period on care and maintenance in the next two years. It is important to note that redundancy costs in shipyards are financed by the Government outside of BS's profit and loss account, so the financial temptation to go for redundancies always exists.

The same goes for all the other major shipbuilding centres. There will be more redundancies at Cammell Laird, Scott Lithgow, Swan Hunter and probably at Austin and Pickersgill and Sunderland Shipbuilders too, although the last two yards both have significant orders in the pipeline for *bulk carriers and cargo liners.*

The more difficult part of the equation for British Shipbuilders is deciding which of the smaller and less efficient yards are permanently surplus to requirement and must therefore be sacrificed in the interests of the industry as a whole.

British Shipbuilders has been and will remain coy about its shopping list of closures, partly because it seems to take the view that if a yard suddenly comes up with an order for itself, then it is not up to the corporation to redirect the work to a more cost-effective yard. It has never been quite clear how British Shipbuilders marries this consideration with its professed desire to be able to plan, on the basis of industrial logic, for a competitive future. It is easy to sympathise with BS executives about this problem, but their failure to take tough decisions and to execute their plans boldly has been their greatest shortcoming in the past two years. They have made much of the excuse of the Labour Government's political sensitivity about closures, so it remains to be seen whether there will be a change under the new administration.

A shopping list of closures *does, of course,* exist. It was circulated to Ministers late last year and it includes the Scotstoun yard of Govan, Robb Caledon, the small Scott of Bowling yard of Scott Lithgow, Scott's Engineering, the North Sands yard of Sunderland (already effectively closed), one or two of Swan Hunter's six yards and possibly, Doxford Engines.

A more difficult problem is posed by the larger, Smiths Dock yard in Middlesbrough. This is a yard which has traditionally been in the top five of British Shipbuilders' unpublished productivity league table. But it is perhaps the most obsolete facility in the corporation.

Apart from slimming down to its "core" facilities, British Shipbuilders' plan is to step up productivity by persuading the unions to accept greater flexibility between trades and to push for more efficient works organisation and monitoring of progress. Productivity in most yards still needs to improve by around 50 per cent to match the best international levels.

This is a complex but vital question involving every aspect of British Shipbuilders' organisation. In terms of negotiation with the union leadership, great strides have been made in replacing 168 separate wage negotiations a year by a common agreement for the industry and a common pay anniversary. In the motor industry, BL is still wrestling with this problem after five years.

The results of this progress can be seen in the *stoppage* statistics shown in the graph. Shipbuilding has improved from fourth worst industry to twelfth, according to Government figures.

There has also been a refreshing improvement in attitudes illustrated by the determination of Govan workers to complete the £115m Polish ship order on time. They are now working through holidays to achieve this goal, even though they know that the end of the holidays could be the end of employment for many of them.

Productivity problem

Overall, however, the productivity graphs inside BS headquarters remain stubbornly static. One excuse is the lack of a steady flow of work, but BS and other high-cost developed countries must adapt to the fact that block orders of simple ships (of the Polish type), which offer most scope for high productivity, are going to be increasingly taken by the low-cost yards of Eastern Europe, the Far East and South America, leaving the complicated *one-off jobs for western* Europe. High productivity is harder in these circumstances, but just as essential.

The same goes for quality of work, which is still suspect in the eyes of many shipowners. Equally important is the quality of management. There have been many justified criticisms about the failure of BS to *respond promptly and efficiently* to invitations to tender, not all of which can be blamed on the European Commission, and the marketing responsibilities between BS's geographically-divided central offices (one is in Newcastle, one in London) and the yards have been unclear and damaging at times. Mr. Michael Casey, the former civil servant and now chief executive of BS, is probably to blame for failing to cut through the bureaucratic strings which have threatened to strangle BS. But there is general commendation of the energy and determination with which he has proceeded on *other questions, and his position* now seems secure.

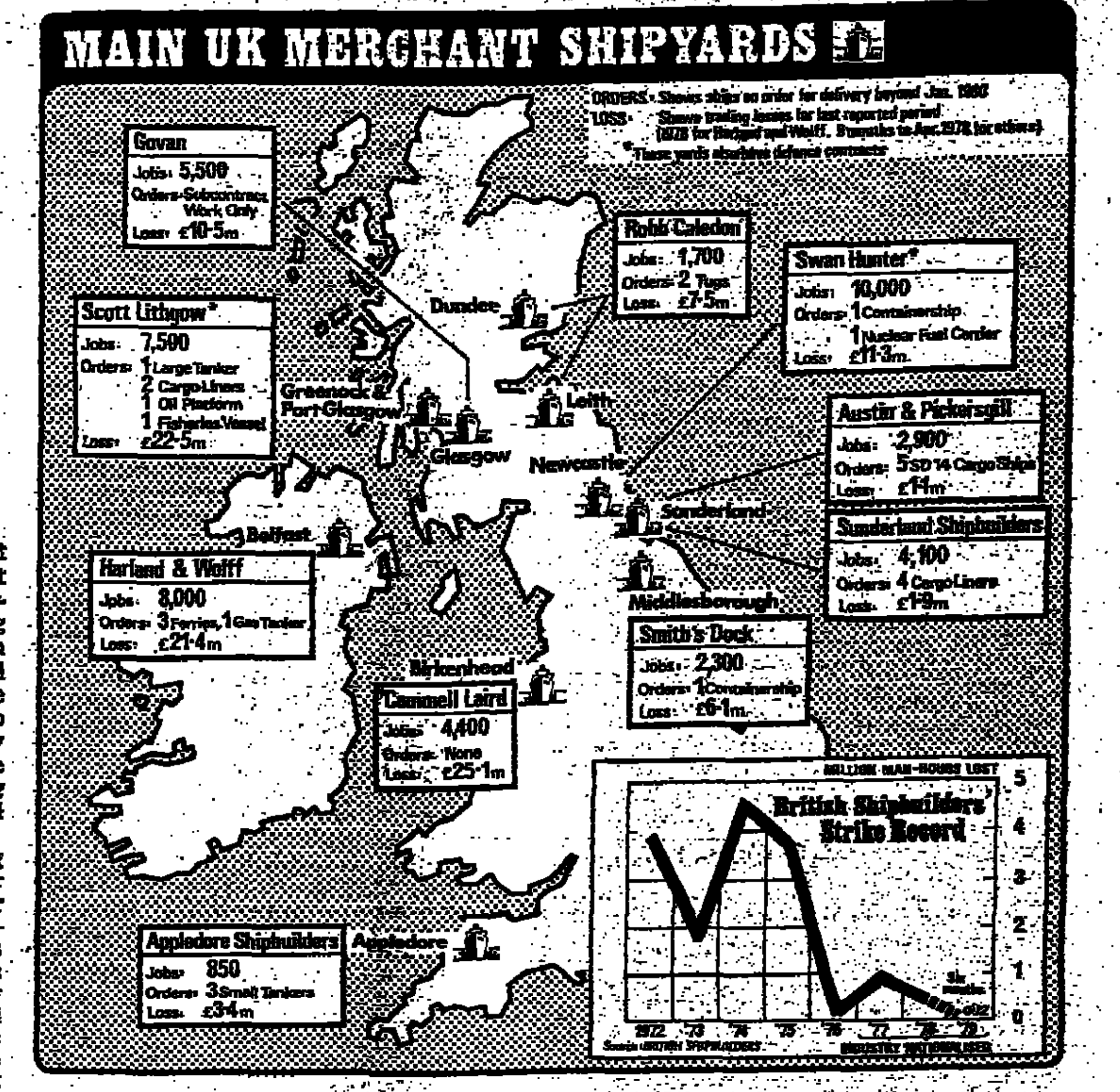
What British Shipbuilders has asked for and received is a period of clarity and stability in the financial framework under which it must operate. It is not even subject, under Mr. Butler's formula, to the prospect of a cut-off date for aid.

This could turn out to be the real weakness of the Government's approach in that it fails to put overt pressure for reconstruction on to British Shipbuilders, which could still face serious trade union problems in carrying out the urgently necessary changes.

The problem for British Shipbuilders, as the market for ships *begins slowly to turn upwards* in the next two years, is that it will be competing with the low-cost "new shipbuilding countries" like Korea, but more important with a Japan which has slimmed down its capacity by 35 per cent with impressive speed in order to be cost-effective when the upswing occurs. British Shipbuilders is still quoting prices for many ship types which are almost double Japanese bids. No amount of bickering about rival subsidy schemes can explain that.

Competition in export markets is going to be made even tougher by the continued strengthening of sterling.

If British Shipbuilders and Harland and Wolff cannot come to terms with these harsh realities in the next twelve months, the angel of death will claim not just the industry's firstborn, but its entire family. However, judging from the Government's present policy, the face of the angel will be that of the market place, not that of Sir Keith Joseph.



MEN AND MATTERS

Love in troubled waters

Anglo-French naval skirmishes are not quite a thing of the glorious "heart of oak" past. Last September, the 1,600 passengers on board the luxury P & O liner Oriana, returning from a two-week cruise to Greece, found themselves being pursued by a French gunboat.

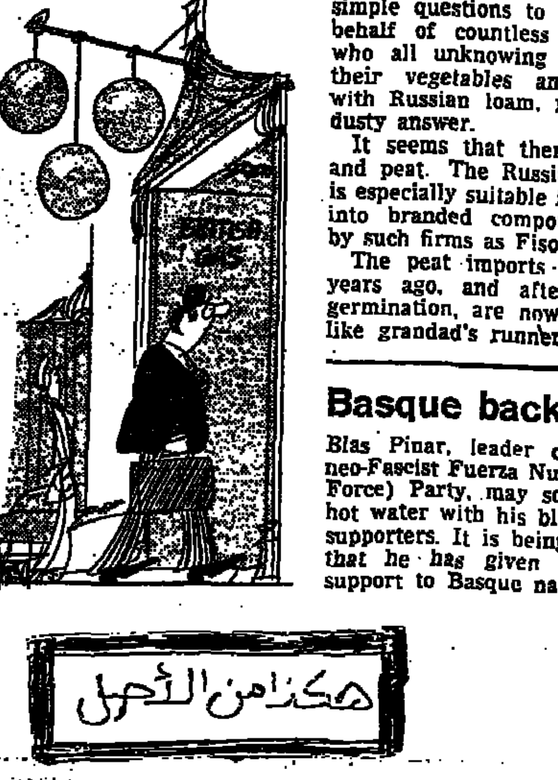
The reason was that Captain Peter Love, *the ship's master,* in the best traditions of "the customer knows best," had steered shoreward in an attempt to give his passengers a closer view of the Brittany coast.

He failed, alas, to reflect upon the Frency navy's sensibilities over traffic separation zones. In that part of the Channel, a few months earlier, the Amoco Cadiz supertanker had hit the rocks, causing the worst oil pollution incident in Europe's history.

Seeing the Oriana slip into a lane reserved for small coasters and fishing boats, the French admiralty sent out an intercepting vessel and reported the whole matter to the British Department of Trade.

As a result, Captain Love, or rather his representative, will appear in court in Yeovil tomorrow charged with violating shipping regulations in the Channel. He faces a maximum fine of £1,000.

Captain Love cannot be there personally, because he is cruising with P & O's new ship, the Sea Princess, in Australia.



Russian salad

That scarlet hue of the British tomato in your salad may be more appropriate than you imagine. It may well have been grown on Soviet peat. This year, Britain will be importing 18,000 tons of gardener's peat, at a cost of nearly £400,000, from Novoexport of Moscow.

I chanced upon this odd growth area of East-West trade through a two-line item in the bulletin of the Moscow Norodny Bank. The trail led from there to Razno and Company, the Russian-owned representatives of Novoexport, and thence to D. L. Coutts, a firm of horticultural merchants near Worthing, Sussex.

Would it not be possible to buy all our peat nearer home? *What about the bogs of Ireland,* for example? These simple questions to Coutts, on behalf of countless gardeners who all unknowing encourage their *vegetables* and *flowers* with Russian loam, received a dusty answer.

It seems that there is peat and peat. The Russian variety is especially suitable *for mixing* into branded compounds sold by such firms as Fisons.

The peat imports began six years ago, and after a slow germination, are now climbing like grandad's runner beans.

Basque backfire

Blas Pinar, leader of Spain's neo-Fascist Fuerza Nueva (New Force) Party, may soon be in hot water with his blue-shirted supporters. It is being claimed *that he has given unwitting* support to Basque nationalism, to which he and his fervent cohorts are bitterly hostile.

Pinar has accused Prime Minister Suarez of "traitoriously" yielding to the ETA guerrillas. So when he was given, as the sole Fuerza Nueva representative in parliament, a seat on a commission created to study the Basque home rule agreement, his stance was predictable.

In the full tradition of Francoist centralism, Pinar systematically voted "No" to every single clause in the 49-article Statute of Basque autonomy. But he is also a lawyer, and could not resist making legalistic interventions. These have actually widened the scope of the future Basque government's powers.

Pinar is nicknamed by his followers the "Caudillo of the Tagus"—after Franco and the river running through his home town of Toledo. The frustrated Caudillo may now risk being ducked in his own river.

Lukes' lore

When chairman Billy Luke retires from Lindustries next Tuesday, he will celebrate having just turned 70 by starting to write the company's history. He certainly knows the facts, having been on the payroll for 52 years, on the *board for* 41, and managing director for 24.

It was Luke who took the decision in 1958 to diversify out of making linen thread. Now, *the bulk of the group's* earnings are from engineeering, rubber and plastics. Since then, the shares have increased in value 27 times. Sales this year topped £100m. "But I shall be writing a lot about the original interests," says Luke. "Barbours, for instance, has been making thread since the 18th century."

The headquarters of Lindustries is just across the road in Knightsbridge from Harrods, and Luke has never felt too close to the City. "I believe in making things. *In my* opinion, either engineers are underpaid, or stockbrokers and bankers are grossly overpaid."

But in the British business world, Luke will be remembered not merely for trenchant views like these, but for having founded with Sir Nicholas Cayzer the United Kingdom-South Africa Trade Association. He retired as president, after 15 years, last April. "I love South Africa, although I totally disagree with its politics. Should we trade with them? Yes, we should trade with the Devil!"

Travel trouble

A British passport is becoming more precious by the minute. Labour troubles at Her Majesty's Stationery Office have almost halted the flow of new documents since last month. "We are keeping a close eye on our small stock," a Passport Office spokesman told me yesterday.

"But we have several ploys to deal with the shortage," he said. These include sticking extra pages into passports which have no room for extra visas, and extending the ten-*year life of documents* which are about to expire.

The reserves are being cautiously limited to people who must urgently have pass*ports valid for all countries*—what the spokesman called "extraordinary purposes." But for the moment, only British visitors passports are available for applicants wanting to go on holiday or make business trips ot run-of-the-mill places.

Buyers' market

The petrol panic must be nearly over. In Hadleigh, Essex, a colleague noticed two adjacent garages — one offering free glasses, the other flaunting a notice which read: "Come back Access and Barclaycard holders. All is forgiven."

Observer

Turkey: sick man of Europe again

BY DAVID TONGE, recently in Turkey

"HOW INSIGNIFICANT is the wealth and strength of Turkey in comparison with its natural advantages!" a French traveller to the country wrote in 1710. Today the same observation is made with increasing anguish as NATO worries over its south-eastern flank and Turkey's creditors wonder when the rescheduling of over half of its $12bn debt will be completed and whether Turkey will default again.

The International Monetary Fund approved a new agreement with the country on July 19. It was an important step forward, but left the underlying problems untouched. The centuries-long understanding between Moslem sects in Turkey is breaking down. Its intricate coalition of races is being upset. Political violence is among the worst in the world: an average of 100 people are killed every month. In the southern town of Adana 807 people are on trial, 330 of them for their lives, in connection with killing, rapes, and looting which caused 111 deaths in Kahramanmaras last December. A once-booming economy faces stagnation, 20 per cent unemployment and 60 per cent inflation.

Cooking fats and oils have long disappeared from the market. In some areas tractor drivers cannot find the fuel they need to gather the harvest. Diesel tankers have been hijacked by villagers. Those queueing at the petrol stations still in service have to wait up to 24 hours. Local riots have been caused by the dearth of the bottled gas used for heating and cooking. Hospitals have been unable to find important medicines. Electricity and light-bulbs are in short supply.

These failures in the normal economy have been mirrored in the flourishing of the black market. Deprivation among the people at large is accompanied by fortunes being made in trading. Inequalities are becoming more flagrant.

The decline of respect for the authorities is a simple fact of everyday life. On the most mundane level, few Turks have bothered to learn to heed the traffic lights introduced in recent years. There is a rigid ban on taking abroad foreign currency, but the visitor to Istanbul can see airport police accepting a folded note of 1,000 Turkish lira (£12.50) to allow some merchant smuggle out a wad of some £700. Controls on imports are central to government economic policy, but one soon learns where to telephone for a bulldozer or for factory machinery to be delivered at one's door.

The police and main intelligence agency are partisan and ineffective. Only a handful of those managing the negotiations with the IMF know the rules of the outside world. There is no permanent cabinet secretariat. Ministers spend as much time dealing with party favours as with their ministries' business.

The politicians too have done little to prove that they can manage either the society or the economy; their criticism of each other is purely destructive.

NATO fears

The result is a crisis which threatens to shift the foundations of modern Turkey. The Turkish Communists consider the country one of the weakest links in what they call world imperialism. Some elements in NATO fear that it is moving towards neutralism. Others, believing that history can be reduced to the simplicity of dominoes, argue that, after Afghanistan and Iran, Turkey must come next. The western financial community, like western strategists, consider it too important to lose—yet too misdirected to be allowed to continue to be ruled in its present way.

The origins of the crisis are confused. Short-term explanations look at the profligacy of the former fractious coalitions of the conservative Mr. Suleyman Demirel; at the cost to Turkey of oil and of its invasion of Cyprus; at the effects of rising western protectionism against important Turkish exports such as textiles; and at the slackening remittances from emigrant workers from western Europe.

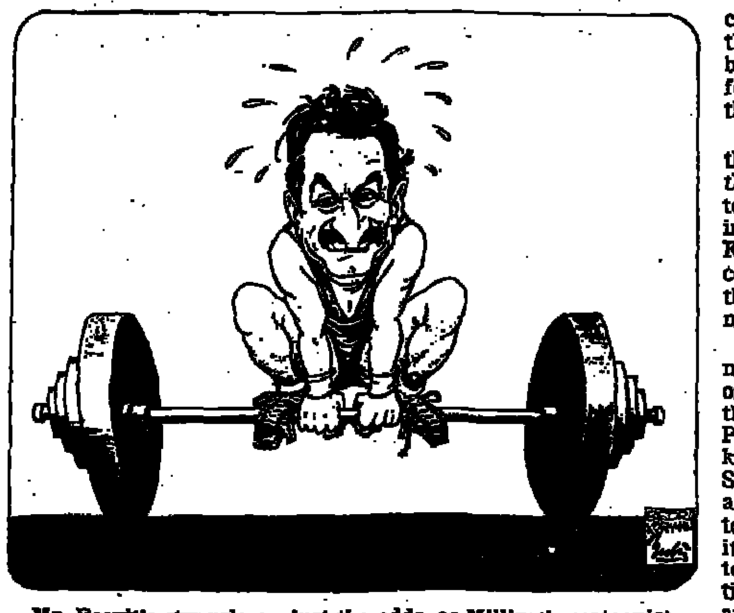
These explanations usually take in the failure of the present Government of Mr. Bulent Ecevit to come to grips with the problems it inherited. They stress the lack of a working majority in Parliament for the largest party, and the inadequacies of the state machinery. But all this is part and product of longer-term changes in Turkish society.

Village values have been challenged by internal migration and the spread of television. Islam has not developed as a major political force, but a rural society has been increasingly replaced by one of urban concentrations and urban norms. These norms, too, have been progressively challenged by peasants who have moved into the shanty towns, which now account for half the population of the major cities. Tensions were inevitable.

Yet even these explanations have tended to overlook the more fundamental issue—that throughout the long centuries of their history in Asia Minor the Turks have lived by standards which the West could only describe by contrasting them with its own.

The absolutism of the Sublime Porte baffled foreign observers. For generations land and office remained in the gift of the Sultan. There was no hereditary elite.

The Sultanate and Caliphate survived until a republic emerged from the Turkish war of independence after the first world war. A genuine parliamentary democracy did not emerge until the 1940s. Midwife to the birth of the Republic was General Mustafa Kemal, who later became known as Kemal Ataturk. His original philosophy and distortions of it have prevailed ever since.



Mr. Ecevit's struggle against the odds, as Milliyet's cartoonist, Bedri Koraman, sees it.

Kemalism is a blend of autocracy, paternalistic reformism, and state capitalism. Ataturk's refusal to brook opposition and some of his policies in the political and economic fields have led him to be increasingly compared with Mussolini. Yet many of his reforms were intended ultimately to lead Turkey towards the forms of thought and methods of government of liberal Europe. The need for economic policies to promote social justice was regularly stressed, if not so regularly ensured. His backing of the state's economic role was never intended as a substitute for private initiative, but was a response to the lack of such initiative.

Ataturk transferred power to a civil and military bureaucracy. The foreign merchant and industrial minorities were dispossessed and a local bourgeoisie created. As it grew in power it increasingly influenced the state, using it to obtain the protection of high tariff walls. Recent years have seen both the emergence of powerful holding companies, combining trading, industrial and finance houses, and of increasingly militant organised labour.

Mounting unemployment, poor work conditions and the rough lot of workers in smaller-scale industry and workshops have provided a fertile soil for radicalisation of the labour force. Strikes have been allowed since 1963.

Mounting tension between employer and employee had been preceded by a political polarisation. A liberal military coup in 1960 was followed by the return to power by the ballot box of the conservative forces which the army had overthrown.

The result was the spread on the left of the belief that, given the largely traditionalist electorate, Turks would never vote into office a party committed to Kemalist reforms. In 1971 the commanders again intervened, this time to forestall an imminent radical coup.

But the armed forces could neither ensure a lasting reform of the constitution, nor impose their original candidate for President on parliament, nor keep blood off their hands. Since then tension has mounted and the state has been unable to meet the demands made on it. The bureaucracy has kept too many of its Ottoman practices, corruption has mounted, and efficiency has been eroded with the staffing and purging of ministries on purely political grounds.

Unrest is increasing among the civil servants themselves. Like other middle-class groups, they have seen their purchasing power and savings eaten into by inflation.

At the same time there has been mounting pressure from the West for the country to adopt western-style economic patterns. So far the model of economic development which Turkey has followed has been notable for its stress on self-reliance, for the relative absence of foreign capital, and for its emphasis on import substitution.

Now the country's creditors are seeking to whittle down the role of the state and open Turkey to foreign investment, tourism and competition. They want a say over the planning process. The weakness of Turkey's planning mechanisms opens the door to such demands, but tradition bars the way. The humiliation of the Capitulations wrung from the Ottomans has not been forgotten.

Mr. Ecevit's 18 months in office have buried the messianic hopes he once aroused. If his party, the Republican People's Party, once the embodiment of Kemalism, had not been so weak in parliament and so ham-strung by the conservative independents in his coalition cabinet, he might have made the society more equitable.

As it is, Mr. Ecevit has become increasingly isolated, has begun to adopt the paternalist methods of early Kemalism and to show readiness to alienate his more active supporters.

The small parties and active organisations on the left—the Communist Party is illegal—all question whether Kemalism has any relevance to modern Turkey, but it is the forces on the right which have been attracting more parliamentary support. The one party favouring an Islamic Republic in Turkey, the National Salvation Party, appears to have shot its bolt. More important are the Justice Party of Mr. Demirel and the militant Nationalist Action Party (NAP).

Aspirations

Both directly challenge the Kemalist pattern. The Justice Party tries to meet the aspirations of the middle peasantry and the emerging industrialist and trader. It thus sets out to limit the role of the state. Mr. Demirel has recently gone as far as challenging the role of the President—a retired admiral who represents the wishes of the military in the political super-structure.

Social and economic pressures may have gone beyond the point where Mr. Demirel—if he were returned to office—could hope to shape them. As for the alternative offered by his former coalition partner, Mr. Alparslan Turkes, head of the NAP, this only appeals to a minority. The NAP mixes nationalism, socialism and racism in a way which causes its opponents to compare it with the Nazis. It strongly rejects the comparison but the involvement of followers of the NAP and its activist organisations, the Idealist Hearths, in some of the worst terrorist outrages is indisputable.

The existing political parties have few answers to the problems, the civilian bureaucracy is proving a dead weight and the military caste has little to gain from turning against a system which it created, and which protects its entrenched privilege.

Shifts in the parliamentary arithmetic may provide temporary governments but the pattern of economic uncertainty, political tension and everyday killing seems bound to worsen. It is not a situation for the Islamic mullahs to exploit—both the Caliphs and Ataturk ensured that the Turkish equivalents never were nor are likely to be a major political force. Indeed the parallel is not with Iran but with Italy—as it was in the 1930s.

But the probability is that, as in the past when it battled with the Ottoman Debt and the Capitulations, Turkey will find its own way forward. So far it has avoided the Latin American type of military take over and perhaps it will continue to do so.

If that is a straw to be grasped at, their are others: the aid now slowly flowing Turkey's way, and what the 18th century French traveller noticed—the country's natural advantages. The people are hard working, there is the basis for prosperous agriculture, and some raw materials. There is abundant lignite and hydro potential, and even some oil. But it is hard to see how long it will take before Turkish society has adapted to the changes which it is undergoing.

Letters to the Editor

Unscrambling subsidies

From the Managing Director, City of London Building Society

Sir,—I read another of Mr. Brittan's excellent articles on July 19. Subsidies both to industry and to housing ought never to have reached the level which they have done and it is certainly heartening to read that this Government has started unscrambling the industrial subsidies.

What I particularly like in Mr. Brittan's article is the reference to mobility when he writes: "It would be more effective to remove obstacles and disincentives to people moving to areas and occupations where the jobs are; and the restablishment of a market in rented accommodation would do far more good than all the other regional policies ever invented (the knock down sale of council houses has done nothing to make available more rented homes)."

Mr. Brittan is hammering home a vital point in the housing problem. I have been writing for years in various journals and co-operating with other organisations in submissions to the Government that a start must be made to dismantle the current form of Rent Acts legislation, which has done more harm to the housing stock of this country than any other factor even the German bombing in the last war. Mobility is vital today and the absence of a 'third arm' of housing is a grave deterrent. Housing subsidies in the public sector have reached a horrifying level and I would doubt whether they are very much less than about £4bn today. I hope that Mr. Michael Heseltine will now follow down the same path as Sir Keith Joseph.

A. G. C. Trollope,
34, London Wall, EC2.

Spending on industry

From Mr. D. Cockroft

Sir,—Samuel Brittan is right in suggesting (Economic Viewpoint July 19) that public spending on industry does little to redistribute resources towards the poor (except on a purely geographical basis). As a result, it is unlikely that Sir Keith Joseph's cuts in present industrial support programmes will do as much harm to the least well off in our society as will the combined efforts of Messrs Heseltine, Jenkin and Carlisle in attacking the public services.

What Sir Keith may do, however, is put the last nail in the coffin of Britain's industrial recovery. Many of the industrial policy programmes now being cut are, without doubt, inefficient in job-creation terms and have little long-term effect on industrial performance. What is really frightening about the present political climate, however, is the apparent lack of discrimination between valuable and worthwhile industrial assistance and that which is disguised social expenditure. This seems to be combined with a fervent desire to distribute the results of cuts as largesse to companies which have shown themselves congenitally incapable of adjusting to the needs of the 1970s in the hope that they will suddenly reverse 100 years of industrial decline.

Britain is now at an absolutely crucial stage in its industrial and economic development. Decisions which are taken over the next year or so will have a disproportionately large long-term effect on employment, real incomes and the level and standard of social services for many years. At such a time, if this Government really continues to believe its own propaganda even to the extent of destroying the previous Government's initiatives in the fields of micro-electronics and office systems, it will be a bigger disaster to be laid at the door of pendulum politics than even the abolition of the Prices and Incomes Board in 1970.

Britain's only chance of coming out of the 1980s better than it is going in is with a massive industrial policy based on industrial, not social criteria, backed up by an effective manpower policy on Scandinavian lines to do the social job in the labour market.

If things continue to go astray as they are going now, by the time we reach 1989 there will be a lot of people prepared to admit that it would have been safer to have got the "Conservative backlash" over and done with a few years earlier, so that we had by now a Government which was prepared to take rational decisions in the best interests of the country as a whole.

David Cockroft.
27 rue de la Fontenette,
Carouge,
1227, Geneva.

Regional aid

From Mr. L. Bushby

Sir,—We cannot help feeling that the argument over the future of regional aid for industry marks a watershed: No recent issue has divided the business community so cleanly. The inelegant U-turn of our largest industrialists says much more than glossy "policy statements" ever can. There are three major points of divergence:

There is a difference between large, established, powerful corporations and the up-and-coming enterprises from which will emerge the giants of tomorrow. The former are well-geared to seek Government hand-outs—some have whole departments doing nothing else; the latter have neither the time nor the patience. We have shown that despite the fact that our sector employs two out of five members of the workforce, and pay much more corporation tax than big business (the tax which effectively pays for grants and subsidies), our members have done badly from hand-outs in the last decade. Little wonder that we support cuts in corporation tax and an end to state subsidies.

There is a division between businessmen who welcome the future as a new challenge and those who are frightened of it. Those who welcome the future are happy to see the fruits of unexpected success in business remain with those who have earned them. Those who are happier in the pattern of our recent industrial past and would foster the fortunes of existing and well-tried industrial sectors are only too happy to see the "excess profits" (i.e. more than they can make!) taxed to produce the money which tops up the profit and loss accounts of obsolescent and complacently-managed companies.

There is a division among businessmen whatever the size of their company about their proper relationship with the state: are they individual generators of wealth and employment, or are they merely components of an entire corporate state which does so? It is tempting to propose that more than one organisation which claims to represent British businessmen should pose for themselves the question: "Ask not what your country will do for you, but what you can do for your country."

The current debate on regional aid crystallises these deeply divergent points of view just as much as the most obvious division between businessmen who can and do receive the bounty of "special development areas" and those elsewhere who only foot the bill. Fortunately, this division is far from clear-cut. There are many honourable businessmen in the assisted areas who recognise the faults of the system from which they benefit: a system which attracts the international industrial "jet set" with few long-term loyalties to their adopted community.

We hope that the current debate will continue beyond the strict bounds of the impact of the welcome cuts which the Cabinet spokesman for smaller firms, Sir Keith Joseph has instituted.

Lee Bushby,
Association of Independent Businesses.
Europe House,
World Trade Centre, E1.

Third London airport

From Mr. D. Broome.

Sir,—Western politicians and others still seem to believe against all the evidence that there is some "technical fix" which will overcome the inevitable massive rise in the real and relative cost of energy as the oil shortage bites deeper. Many of us believe that failure to adjust to subsequent reallocation of economic activity may cause major economic, social, and even political upheavals within the next decade.

The Government has made a good start by announcing an enhanced nuclear programme despite the environmental lobby. There are, however, several other areas where decisive action can be taken to stop spending on major works which now have a high risk of redundancy within the next 25 years. Examples can be taken from the road network, which certainly will be catering for very different traffic in the 21st century, and the rail network, which should now be set different priorities.

One major saving, however, would be to axe proposals for the third London Airport, which seems to be rolling along on the momentum of Roskill, who reported in another age. Its justification is on the growth of tourist traffic, accounting for some 60 per cent of passengers at present. If we add the costs of replacing the present fleet of jets, it is clear that the cost of tourist travel as a percentage of disposable income is going to rise steeply, cutting demand. It could be that the existing two airports will be in decline after 20 years—the time it will take for a greenfield airport to be fully on stream.

We are now all set for some expensive jousting between British Airports Authority and other advocates of a third airport, and the highly motivated defenders of various chosen sites for despoilation. Many millions of public and private money are likely to be spent on this profitless exercise. The Government should call an immediate halt to this until a fully independent economic forecast has been commissioned on the whole subject including a careful risk analysis.

Derek H. Broome,
Potters' End,
Mears Ashby,
Northampton.

High technology ventures

From the Chairman, Mackintosh Consultants Co.

Sir,—There are two surprising comments in your editorial of July 20 on "Cutting down the National Enterprise Board" on which I would like to comment.

Referring to the NEB's high technology ventures Inmos (in microelectronics) and Nexos (in office systems), you state that these "look dubious on technical and commercial grounds." I could hardly disagree more strongly. In the case of Inmos, my company was commissioned by the NEB to assist in assessing the original microelectronics business proposition which, I can assure you, was vetted most carefully in all of its key aspects, including the technological and commercial strategies. Whereas, like any other venture into high technology, the success of Inmos obviously cannot be guaranteed, we remain convinced that it has an excellent chance of success and of contributing to what I hope will be a substantial growth in the total British capability in the most advanced forms of microcircuits.

As for Nexos, we do not have special visibility of its technical and commercial strategies but, in light of the high quality of the key Nexos executives already recruited, plus the substantial NEB funding, there must again be a good chance for success. Moreover, it needs to be remembered that in the office electronics sector—without doubt the most rapidly-growing market sub-sector within the entire electronics and computer industry—the UK capability so far established is almost insignificant in comparison with our international competitors. The nation should therefore be grateful that the NEB, acting through Nexos, has the vision, the financial strength and (we must all hope) the competence to provide a national lead in this very important product sector.

You claim that if "other countries support their electronics industries it doesn't mean that the UK has to follow suit." The most basic fact about the electronics industry today is that—possibly more than any other—it is totally international in character; for example, so great is the importance of such factors as economies of scale, amortisation of high R and D costs, etc., that few electronic products can produce adequate corporate profits unless marketed vigorously on a global scale. It follows, therefore, that if Britain's competitors effectively subsidise their own national electronics industries (which they will undoubtedly continue to do on a massive scale), thus distorting free market forces and normal competitive conditions, we must either do the same or sit back and witness the inevitable decline of our national electronics capability.

I believe we should be grateful that NEB has the right policies in this sector and that Sir Keith Joseph and his Ministerial and Departmental colleagues have adopted a non-doctrinaire attitude to Britain's fragile posture in the fiercely competitive and quite vital electronics sector.

Dr. L. M. Mackintosh.
33, Bruton Street, W1.

Inflation in Brazil

From the Earl of Dartmouth

Sir,—I refer to the interesting article by Mr. Hugh O'Shaughnessy in the survey on Brazilian banking and insurance (July 18). In this he makes a statement at the beginning of the article as follows: "the level of inflation is today, a decade and a half after the military coup d'etat of 1964, running at a rather higher figure than that ruling before the generals took over."

This is incorrect. Mr. O'Shaughnessy estimates that "the inflation may well be around or beyond 50 per cent this year." The rate of inflation at the time of the Goulart Regime immediately prior to the coup d'etat in 1964 was 95 per cent per annum.

Dartmouth
Ocean Wilsons (Holdings).
6th Floor,
Regina House,
5 Queen Street, EC4.

Shotton and Corby

From Mr. R. Davis.

Sir,—From the letters in your issues of July 18 and 19 it is clear that there is a body of informed opinion which holds the view that the strategic reasons given for closing the Shotton and Corby works of British Steel Corporation are unsound.

BSC makes the basic error of equating high investment with high productivity. This is clearly not so—the good engineer and operator selects and designs the minimum cost capital equipment to achieve the product objective. Anything greater than this minimum is an unnecessary charge on the enterprise. It is then up to the plant management to meet the output, standard and price of product to match the market demand. In this John Summers at Shotton consistently succeeded. Even now, when this minimum investment has been denied them in steelmaking, the operators are achieving day-to-day results which cannot be bettered (e.g. low sulphur steel using high and variable sulphur coke).

BSC assumes that the economies of scale are such that all other considerations affecting plant size and plant autonomy are of no consequence. If Dr. Kay's suggestion that plants such as Shotton and Corby should be allowed to trade independently were implemented, it would very shortly show the poverty of the BSC argument. Two years ago, I offered a cold rolling contract to the Shotton works when there was more than adequate capacity available. The contract, without competition, was worth £400,000. Although the cold mill at Shotton was desperately short of work, the "decision makers" in South Wales declined the order without any valid reason. This type of wholly uncommercial decision is, I am advised, far too common in BSC and is a major factor contributing to the decline in market share and customer confidence referred to by Dr. Kay.

R. W. Davis,
"Rosebank,"
Townfield Lane, Mollington,
Chester.

Today's Events

GENERAL

Foundry owners, Government representatives and union leaders talk on aid in introducing a foundry closure programme at meeting of National Economic Development Office economic development committee for foundries.

Separate meetings of Labour Party national executive committee and Trades Union Congress general council discuss document examining progress and future of liaison committee which links both bodies.

Appeal begins in Lords on ruling of the right of seamen and port workers to boycott ships in an international campaign for higher seafarers' wages.

British Shipbuilders' annual report.

Housing Corporation annual report.

Manpower Services Commission annual report.

Mr. Michael Heseltine, Environment Secretary, addresses Association of County Councils annual meeting, 66 Portland Place, W1.

PARLIAMENTARY BUSINESS

House of Commons: *Debate on* Southern Africa. Motions on various orders.

House of Lords: Various orders and motions. Gaming Amendment Bill, second reading. Short debate on Red Indians. Short debate on Cyprus.

COMPANY MEETINGS

E. Austin, Winchester House, EC, 12. Beecham, Hotel Inter-Continental, W, 12. British and Commonwealth Shipping, 14 St. Mary Axe, EC, 12. Butterfield-Harvey, Connaught Rooms, WC, 12. Caledonia Investments, 2 St. Mary Axe, EC, 3. Coalite, Savoy Hotel, W, 12. Continental and Industrial Trust, 120 Cheapside, EC, 12.30. De La Rue, Cafe Royal, W, 11.30. A Dunhill, Cafe Royal, W, 12. Monks Investment Trust, Great Eastern Hotel, EC, 10. Readicut International, Queen's Hotel, Leeds, 12.30. 600 Group, Grosvenor House, W, 11.30.

NatWest jumps 102% to £221m at halfway

MAINLY reflecting a growth in resources, increased lending and higher interest rates, pre-tax profits of National Westminster Bank advanced by 102 per cent from £109m to £220.6m in the first half to June 30, 1979.

Announcing this result, Mr. Robin Leigh-Pemberton, chairman, states that while predictions for the rest of the year are difficult to make with confidence, present indications are that results for the second half may not match those for the first six months.

"We shall be surprised if interest rates do not begin to fall during the second half of the year and clearly that half will also bear substantially higher salary costs, the chairman says.

	Half-year 1979 £m	1978 £m
Trading surplus	223.1	105.9
Associate share	8.1	7.8
To staff profit-sharing	10.6	4.7
Profit before tax	220.6	109.0
Estimated tax	88.7	40.9
Leaving	131.9	68.1
Minorities and pref. divs. of subs.	0.4	1.1
Bank pref. div.	0.3	0.3
Extraordinary items	1.1	*1.1
Attributable ordinary	132.3	65.6
Ordinary dividend	16.6	12.9
Retained	115.7	52.7

* Debit.

The net interim dividend is raised from 5.682p to 7.25p per £1 share at a cost up from £12.9m to £16.6m.

Last year's dividend total of 12.83237p was paid on a record pre-tax profit of £297.4m.

After tax up from £40.9m to £88.7m, net profit in the first half went ahead from £68.1m to £131.9m. Stated earnings per share increased from 29.6p to 57.4p basic and to 54.9p fully diluted.

Comparisons are restated following provisions for bad and doubtful debts, profits and losses on realisation of investments, franked investment income, depreciation and deferred tax as in the 1978 accounts.

The profit figures include two months from National Bank of North America. The chairman says this bank's figures are developing satisfactorily but after funding costs there is no significant effect on group profits.

He says NatWest is very close to its corset limit, but not over it. He also makes it clear the Bank is not planning a rights issue. "This is a non-issue internally and has been for some time," he states.

The excess of the cost of shares over the value of underlying net tangible assets at the date of acquisition of subsidiaries is deducted from reserves in the year of acquisition. The amount which will fall to be deducted in 1979 in respect of the purchase of National Bank of North America is estimated to be £86m.

With effect from this half-year, income from equipment leased to customers has generally been credited to profit and loss account on the investment period method of accounting, that is, in proportion to the funds invested. Previously income was credited to profit and loss account over the primary period of the agreement in proportion to the reducing outstanding primary rentals.

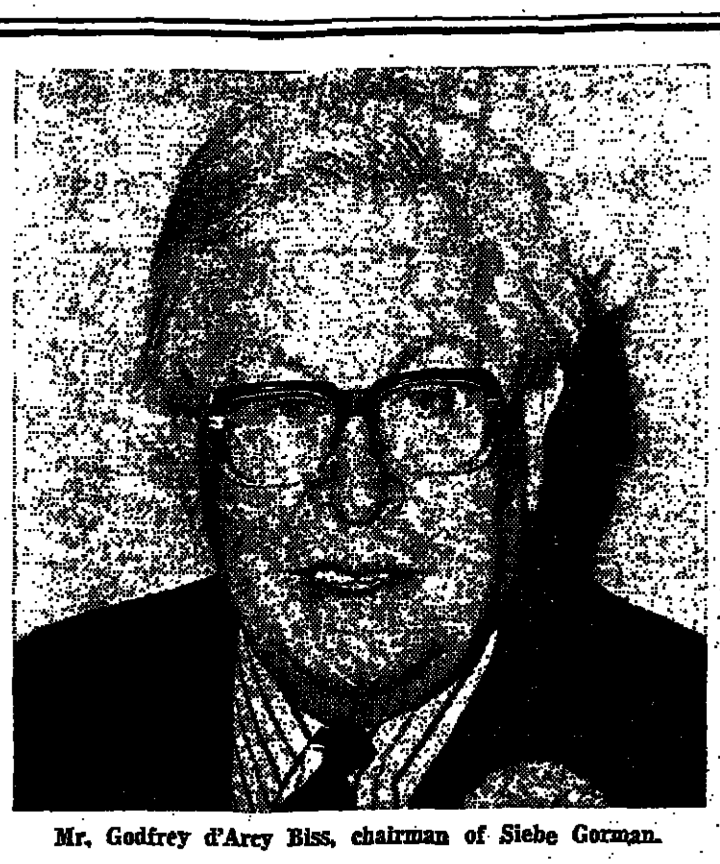
The effect on the half-year's results of this change has been to increase the pre-tax profits by £9.3m, reserves have been credited with a further £16.3m in respect of prior years.

It is not practicable to restate the comparative figures for this change, the directors say.

See Lex

HIGHLIGHTS

The City's eyes will be on Watling Street this morning looking for the progress of the Bank of England's latest gilt-edged issue. The Lex column assesses the prospects for its success. **The Gas Corporation** has produced expected bumper profits and is now proposing to lend the Government money. The big company-news story of the day came from **National Westminster Bank**, which more than doubled profits thanks to the lending boom and soaring interest rates. Finally Lex takes a look at the robust defence by **Bestobell** against **BTR's** takeover proposals. Elsewhere, results from **Siebe Gorman, Allied Textile, Arlington Motor, Howard Machinery and Rosgill** come in for comment.



Mr. Godfrey d'Arcy Biss, chairman of Siebe Gorman.

Siebe Gorman down at £3.6m after heavy costs

AFTER EXCEPTIONAL items totalling £1.14m profits before tax, of Siebe Gorman Holdings amounted to £3.57m in the year ended March 31, 1979 compared with £4.41m previously. Turnover was up 13.8 per cent to £48.2m.

The exceptional items comprise £662,000 engineering development expenditure written off, £250,000 set aside for special renovations and £225,000 reorganisation expenses written off.

Restated earnings per share are shown as 28.3p against 27.5p and the final dividend is 4.014p lifting the total from 5.641p to 6.414p.

	1978-79 £000	1977-78 £000
Turnover	48,424	42,538
Trading profit	4,702	4,412
Off develop. expend.	662	—
Special renovations	250	—
Off reorgn. expenses	225	—
Profit before tax	3,565	4,412
Tax	633	1,562
Net profit	2,932	2,850
Extraord. debits	565	63
Dividends	684	584
Prior year adjustments	307	251
From capital reserve	103	—

The Board has continued the policy of writing off all engineering development expenditure during the year in which such expenditure was incurred. The exceptional cost of £662,000, is the engineering investment in the new Merryweather electro-hydraulic turntable ladder project.

A total of 115 Merryweather units built between 1961 and 1972 will be eligible for replacement within seven years at an approximate total market value of £15m and the company has been formally advised of a significant offer of financial assistance towards this project from the Department of Industry.

The amount written off as reorganisation expenditure, represents the cost of establishing Steepleglade and its subsidiary, the Inega Manufacturing Company, in new warehousing, distribution, and manufacturing facilities.

● comment

Heavy exceptional expenses have halted the 14-year run of profits growth at Siebe Gorman and the share price reacted with a 32p dive to 168p. Even on a trading basis the figures were unimpressive with seceond-half profits up by less than 4 per cent. To complete the tale of woe, exchanges and disposals added £500,000 to extraordinary debits leaving the attributable figure down 15 per cent—despite a much lower tax charge. The group is confident that matters will improve this year. The Steeplegate leisurewear subsidiary is now trading profitably, the Zambian and Rhodesian associates are improving and there are high hopes for the new turntable ladder. Of the £662,000 investment in this project last year, around £400,000, may be recovered over three years through Government assistance. The stated p/e of 5.8 and well-covered yield of 5.6 per cent are supported by a fairly sound balance-sheet, though net short-term borrowings have risen by around 20 per cent to £3.7m.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Allied Textile ....int.	2.82	Oct. 2	2.82	—	7.24
Arlington Motor	5.5	Aug. 31	5.33	9	7.83
Howard Machinery ...int.	0.58	Nov. 1	0.55	—	1.12
Investing in Success int.	1.05	Sept. 28	0.91	—	3.35
Jermyn Trust	1.63	Oct. 5	1.59	1.63	1.59
Ladies Pride ....int.	1.4	Oct. 1	0.79*	—	1.8*
NatWest ....int.	7.25	Aug. 31	5.68	—	12.83
Rosgill	1.58	—	Nil	2.31	Nil
Sheffield Refreshment	1.62	—	—	2.29	1.83
Vantage Secs. ....int.	0.25	Oct. 1	0.2	—	0.65
Wheeler's	4.38	—	2.83*	5.88	4.25*
Woodrow Wyatt	1.5	—	0.1	2.5	0.1
Siebe Gorman	4.01	—	3.43	6.41	5.64

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues.

Similar profits at Allied Textile

TAXABLE profits of Allied Textile Companies were virtually unchanged at £1.66m for the six months ended March 31, 1979 against £1.65m last time, including an exceptional income of £155,000 compared with £200,000.

Profits reached a record £3.2m (£2.8m) for 1977-78, which included an exceptional income of £487,954 (£204,039).

Earnings per 25p share are shown unchanged at 12.7p for the six months, and the interim dividend is maintained at 2.82p net—last year's final was 4.42175. Also proposed is a one-for-five scrip issue.

Turnover was lower at £15.51m (£16.3m).

	Six months 1978-79 £000	1977-78 £000
Turnover	15,507	16,303
Trading profit	1,502	1,446
Exceptional income	155	200
Profit before tax	1,657	1,646
Tax	862	855
Net profit	795	791

Pre-tax figure was subject to a tax charge of £862,000 against £855,000 leaving net profits at £795,000 (£791,000).

● comment

Allied Textiles is still locked in a period of transition. The upturn in the areas which the group believes are capable of expansion has been broadly offset by the continued decline in some traditional divisions—provision has already been made for the partial run down of the Eldon Combing and Henry Wheatley subsidiaries—and the upshot is a trading profit gain of no more than 4 per cent. The contraction of business is best shown by a similar rate of turover decline, even though the Iranian contract has largely been replaced by other orders in the Middle East and elsewhere. Some 15 per cent of the sales total is accounted for by businesses which ATC expects to start closing within the next 18 months while some 25 per cent (against 20 per cent in the previous year) is contributed by the growth non-apparel areas. The top-end of the carpet field is apparently performing well and the 12½ per cent stake in Hugh Mackay clearly presages a closer link between the two companies. Cash and near cash holdings of some £3.5m (worth 56p per share) plainly provide a good deal of scope for diversification and help to underpin a share price of 144p, up 4p yesterday. Assuming a maintained rate of distribution on the proposed capital expansion, the yield is 8.8 per cent and same again fully taxed earnings enable a safe prospective p/e of 5.3.

S & N ready for 'fierce competition'

ALTHOUGH COSTS of the group's reorganisation will continue to be felt in the current year, Mr. P. E. G. Balfour, chairman of Scottish and Newcastle Breweries, says that he is convinced that the group is in a much better position to meet the challenge of the "very fierce competition which is likely in the brewing industry in the immediate future."

The chairman says that the changes made in beer wholesaling are beginning to show results. After being 4 per cent down in volume at the half-year, beer sales ended 1978/79 lower by 1.3 per cent. The group began to regain its market share and this trend has continued in the current year.

The recovery has been noticeable in all brands but the group is particularly pleased with McEwan's lager. Several new brands have been launched and in canned ales margins have improved.

Mr. Balfour is satisfied with the progress made by the hotels, managed public houses and wine and spirit businesses, and in any reasonable climate they will continue to prosper.

The chairman says that there has been a further tightening of control of capital expenditure and a quicker response to the needs of the market place. He feels that there is still a long way to go and a reconstruction of the magnitude undertaken by the group is costly.

At the year end the group had committed expenditure of £9.5m (£11m) and a further £21.3m (£12.4m) had been authorised but not yet committed. It is anticipated that expenditure will be at the same level as in the last two years, and adequate facilities are available. In 1978/1979 investment in plant capital investment totalled £36.1m (£41.1m).

As reported July 6 group profit before tax amounted to £35.7m (£35.4m) for 1978/79 — current cost adjusted profit was £26.1m (£27.1m) after additional depreciation £8.9m (£8.1m) increase in cost of sales £3.1m (£2.1m), less gearing adjustment £2.4m (£1.9m).

Meeting Edinburgh, August 16 at noon.

U.S. & General

Revenue of United States and General Trust Corporation rose from £301,912 to £350,954 in the half-year to June 30, 1979, after tax of £190,000, against £179,000.

Net asset value per 25p share is given as 263p (262p). The net interim dividend of 3p (1.75p) has already been paid. Last year's total was 6.834p on taxable revenue of £1.02m.

Woodrow Wyatt keeps up pace

WITH second-half profits ahead from £180,110 to £198,138, the recovery at Woodrow Wyatt Holdings, printer, continued, and the year to March 31, 1979, finished with a taxable surplus of £369,405, against a £68,238 loss.

The year's dividend total is boosted to 2.5p compared to a single 0.1p payment in 1977-78.

At halfway, there was a £171,267 profit, compared with a £248,348 loss, and the directors said prospects were looking brighter than they had for some time.

They now say trading has continued satisfactorily since the year-end, and prospects are reasonable.

The pre-tax surplus was struck after interest of £202,060 (£203,825), and exceptional debits of £57,658 (£69,915). Turnover reached £6.31m (£5.92m).

Tax took £50,541 (£36,094), giving earnings per 5p share of 7.54p, compared with a 2.7p loss previously.

Philip Hunt Chemical up in first half

Philip A. Hunt Chemical Corporation, of the U.S., a subsidiary of Turner and Newall, reports that in the six months' ended June 30, 1979 sales were a record $52.33m against $43.92m for the same period of 1978. Net income advanced by 24 per cent to $3.86m compared with $3.12m.

Second quarter sales were $27.34m compared with $23.92m while net income for the quarter was $2.06m compared with $1.77m, an increase of 16 per cent.

First half earnings per share are shown at 68 cents (55 cents).

The directors say strong growth continued in the sales of products for the electronic and electrostatic copying industries in both domestic and European markets.

Rapid penetration of European photographic markets continued, but there was slow growth of photographic products in the U.S. domestic market.

High liquidity at Victoria Carpet Hldgs.

Liquid resources of Victoria Carpet Holdings remain strong and the company is well able to undertake development of any new techniques which the Board decides to adopt, the chairman says in his annual statement.

At present, the picture is confused and it may be some time before the next major technical development in the trade becomes apparent, he adds.

Of the future, he says there is no sign of the world surplus of carpet manufacturing capacity ending; consequently, demand will continue to be uneven. Steady production runs will be the exception and flexibility at a premium.

The Australian company's position is much the same as that in the UK. It is pursuing quality rather than high volume at low prices, and the Board is confident it can maintain a good position in that market given adequate tariff protection.

ISSUE NEWS

Essex Water tenders top £13m

A record amount of money has been subscribed for a water issue.

Yesterday, a total of £13.1m was subscribed for a £6m issue of 8 per cent redeemable preference stock 1984 by the Essex Water Company. The previous highest amount ever put forward for a water stock issue was just under £13m two-and-a-half years ago for a Mid-Kent issue.

Details of the result show that the highest price offered for stock was £105.50 per cent, against a minimum of par, while the lowest price accepted for a partial allotment was £101.25 per cent and the average was £101.39 per cent.

In all there were 83 valid tenders put forward of which 35 received full allotment and two received a partial amount.

Brokers to the issue were Seymour Pierce and Co.

ENGLISH AND OVERSEAS

English and Overseas Investments' recent rights issue has received acceptances for £481,369 of 12 per cent convertible unsecured loan stock 1990 amounting to 46.76 per cent of the issue. This includes £292,271 stock in respect of which firm acceptances had been made.

B. ELLIOTT

B. Elliott's rights issue of 2.42m shares has been taken up to the extent of 89.39 per cent. The balance has been sold at 217p each and the net proceeds will be remitted to the persons to whom such shares were provisionally allotted.

YEARLINGS

The coupon rate on this week's batch of local authority yearling bonds is unchanged at 12¼ per cent. The bonds are dated July 30, 1980 and issued at par.

This week's issues are: Crawley Borough Council (£½m), Braintree District Council (£½m), Tameside Metropolitan Borough Council (£½m), East Hampshire District Council (£½m), Orkney Island Council (£½m), Worthing Borough Council (£½m), City of Liverpool (£2½m), Congleton Borough Council (£½m), London Borough of Hackney (£2m), Halton Borough Council (£½m), Tunbridge Wells Borough Council £½m), Allerdale District Council (£½m), London Borough of Barking (£½m), London Borough of Bexley (£1m), Grampian Regional Council (£½m), London Borough of Hillingdon (£1m), The Receiver for the Metropolitan Police District (£½m), Kennet District Council (£½m), Wansbeck District Council (£½m), London Borough of Greenwich (£1m), London Borough of Haringey (£1m), Birmingham District Council (£1m), London Borough of Brent (£½m).

FINANCIAL TIMES SURVEY

Wednesday July 25 1979

Executive Cars

The Mercedes-Benz 230C and 280CE coupes bear a family resemblance to the saloons from which they were derived but have long sloping front and rear windows and pillarless side windows

The Rover V8S saloon launched earlier this month offers air conditioning, sunshine roof and headlamp wash/wipe as standard fittings

Definitions of the term "executive car" vary but customers are willing to wait months for the one that they want. However, a variety of protocols is involved in the type of car a company will allow as a perk and the amount it can cost, creating a wide-ranging market that the manufacturers are willing to cater for.

Market is a guide to prosperity

By KENNETH GOODING, Motor Industry Correspondent

MOST MOTOR manufacturers have a fairly well-defined picture of what in their terms is the "executive" car market. They do not all agree because subjective judgment comes into the reckoning. But not many would argue with the following description. Executive cars have engines of between 2 and 3.5 litres. They are 14 to 15 ft long but it does not matter if they come in a two-box or three-box shape. In the UK prices start at around £4,500 at the bottom end of the executive market and end at around £10,000 at the top end.

Around the £10,000 mark the luxury car market begins—a market which accounts for roughly 2 per cent of each of the individual European car markets.

The size of the executive car market does not necessarily follow living standards but it provides a reasonable guide to the prosperity of any one country.

But various distortions occur. For example, when a country has more than one indigenous car manufacturer which concentrates on the top end of the market, this shows up in the statistics.

In Sweden, where the executive sector by our definition accounts for over 44 per cent of the total market and gives the country the lead among the industrialised European countries, both Volvo and Saab are heavily orientated towards this particular segment.

Similar

In West Germany there is a similar situation, with Mercedes and BMW spanning the executive and luxury sectors while Audi (part of Volkswagen of course) and Opel (part of General Motors) as well as Ford with the locally assembled Granada compete strongly in the executive part of the market with attractive new products. No wonder, given West Germany's high standard of living, that the country accounts for nearly half of all the executive cars sold in Europe.

It is a country where the executive car manufacturer must do well if it expects to make any real impact in Europe as a whole. That is why West Germany provides such an important challenge for the Rover saloons, for example. BL's subsidiary Jaguar/Rover/Triumph (JRT) is concentrating great efforts on West Germany with the Rover range but it will take some time before the results show up in sales. JRT has got to give the German customer some very good reasons for buying a Rover when there are so many other cars in the same sector to choose from.

Good products do seem to expand the market and the prime example of this theory in practice is France. Executive cars took 15.6 per cent of the market in France in 1977 and captured over 1 per cent more the following year. The expansion has much to do with the introduction of the Renault 20s and 30s and the Citroen CX.

The reason the French executive car market is not bigger in spite of the reasonably high living standards in most of the country is that it shares with Italy and Denmark the distinction of having legislation which militates against cars with big engines.

In all three countries car tax climbs very steeply on cars with engines of two litres and above—getting progressively more penal as the engine size gets larger. The "gas guzzler" tax, European style, makes sense for countries without oil supplies of their own. But the problem is that these days manufacturers have to provide full ranges of cars—bigger ones too—if they wish to succeed internationally.

On the subject of market distortions, the UK sales of executive cars tend to be below the European average, at least in terms of the percentage of the total market accounted for.

The UK is the home of the company car and nine out of ten executive cars are purchased one way or another by corporations or partnerships. The system of having the car first as a "perk" and then as an essential element to attract people to a new job springs from the heavy and progressive personal taxation which has been a feature of life in Britain for many years past.

This company car demand has produced very stable—but very flat—demand for executive vehicles in the UK for the whole of the 1970s. During all those years the executive sector has accounted for between 12 and 14 per cent of total new car sales. The lowest level was reached in 1976 when the percentage share dropped to 12.2. This could be "blamed" on the problems Jaguar / Rover / Triumph experienced with the launch of the new Rover saloons after phasing out the old range. Rovers usually account for about one third of the UK executive car market and the fact that they were not available naturally led to the market shrinking.

Customers are apparently willing to wait for the executive car they want—at least for six months. But if the waiting list is nine months long you will probably lose them. And customers *were* willing to wait for the new Rover, "the car of the year," in 1976.

Company cars in the UK indicate a man's position in the corporate hierachy and the fact that they now account for two thirds of the new car market in Britain distorts the executive sector in various ways.

For instance, there are those who would aspire to an executive car and would be willing to pay a disproportionately large part of their net income to acquire one. But the company provides *them with a car with the job*—not an executive car, but a car. Because of the hierarchical structure of the company car fleet the individual is not only not entitled to an executive-style car: there is no way he can add some of his own money to the corporation outlay so that he can have the car he really wants. Instead he often resorts to buying for his family a small car with very high specifications to supplement the use of the car the company has allocated.

Despite the UK executive car sector remaining at a steady 12 to 14 per cent of the total market, it is one which has attracted plenty of new competition in the past three years or so.

The reason has much to do with the previously mentioned fact that companies buy two out of three new cars—and company fleet managers prefer to take all their cars from the same manufacturer, if that is possible. So an executive car in a manufacturer's range can help with the capture of those important company fleet sales.

Apart from the progressive introduction of the Rover saloons, Ford has presented a new Granada, Audi has put a new "skin" on its products and offered a five-door Avant; BL has brought in the Princess 2-litre at the bottom end of the sector and Saab the 900 series at the top end. The Alfetta Alfa and Lancia Beta have arrived from Italy along with the Fiat 132. General Motors has made a big impact on the market with the Senator and Monza from Opel, its West German subsidiary, and versions wearing the Vauxhall badge called the Carlton and Royale.

The Japanese manufacturers, in particular Datsun, Toyota and Colt, have made their play in what must be more of a long-term strategy given that the image the Japanese chose to present in Britain for the past ten years was of being *manufacturers of extremely* reliable but inexpensive cars.

But now that they seem to face perhaps several more years of restrictions on shipments from Japan, the importers feel that the only way to continued growth is to move up the market so that each unit sold—and the shipment restrictions involve units, not value—brings higher income and more profit.

It will take some time before the ubiquitous corporate buyers in the UK will give favourable consideration to Japanese cars for their fleets. The majority of companies still insist on the fleet manager turning to UK-based manufacturers for their vehicles, even if the cars themselves are assembled abroad. Some companies, viewing the UK as part of the Common Market, will allow European made cars to appear in the corporate fleet. Particularly in the executive car sector, individual executives are given an indication of the sum of *money they can spend on a car* and told they can have what they would like within that price limit—as long as it is a European car.

Companies also tend to frown on exotic cars for their executives and even tend to put sports cars into this category of "cars that are not quite right for the corporate image."

The UK Government has now taken the first steps which might eventually lead to a major shake-up of the company car system because it has changed the emphasis from personal to indirect taxation while at the same time letting it be known that companies ought to begin dismantling their complicated "perks" machinery.

Endemic

This will certainly not be an overnight process and it could be that the company car system will remain endemic in UK industry.

In the immediate future there might be some trading down from the luxury sector to executive cars in the wake of the fuel crisis. Companies might well do this for cosmetic reasons. If the managing director wishes, in the light of the recent very steep rise in new car prices (20 per cent in six months on average) to trade down with his corporate fleet, he would do well to show the way by (temporarily) giving up his luxury vehicle for one at the top of the executive class. The recently introduced Rover V8S, is the type of car which could attract such a customer.

There seems little likelihood in the medium-term of the continuing oil crisis adversely affecting the executive car sector anywhere in Europe. To start with all the evidence shows that people would go without or give up a great many other things before reluctantly parting with their personal transport.

Then there is still a great deal of status to be gained from a car that is recognisably expensive. What really matters is the availability of fuel, not the cost of it, to people in the executive car class. And in the main they can do just as many miles on a full tank in an executive-type car as they can in a small car with a full tank.

PEOPLE'S VIEWS OF ROLLS-ROYCE OWNERS

Question: "Which of these statements apply to someone who has a new . . .

	Rolls-Royce spring 1976 %	Rolls-Royce autumn 1978 %	Jaguar XJ autumn 1978 %
In the pop-star/jet-set tradition	26	41	27
Likes traditional British things	22	21	15
A person who loves fine cars	49	55	49
Uses it as a tax dodge	16	18	21
Patriotic in supporting British industry	19	13	9
Unnecessarily extravagant	18	15	14
Lucky to be able to afford one	63	65	64
Concerned with status and impressing others	27	34	31
A successful businessman	56	52	43
Uses more petrol than they ought	N/A	20	20
Doesn't care about less fortunate people	7	6	4
A member of the Establishment	11	12	6
Helping to keep Britain's workers in jobs	16	12	8
A self-made person	21	27	19
Runs it on company expenses	26	27	35
Appreciates craftsmanship	33	43	23

Source: MORI 1979.

Prestige identity for European makers

THESE DAYS there are very few car manufacturers which do not have their own "executive" vehicles in the range. In Europe, for example, the Granada carries the banner for Ford, the Opel Rekord/Vauxhall Carlton and Opel Senator/Vauxhall Royalle do the same thing for General Motors while the Renault 30s and Peugeot 604s provide examples from France.

It is fair to say, however, that there are a number of European manufacturers whose names are usually linked with "executive" motoring. This, in alphabetical order, is the way they line up.

Aston Martin of the UK. This group is based at Newport Pagnall, Bucks, and makes the V8, Vantage, Volante and Lagonda. There are 202 employees and the company is currently producing at the rate of about 288 cars a year. Annual turnover is about £8m.

Audi NSU. In 1969 Audi became part of Volkswagen of West Germany but qualifies for this list—like Jaguar Rover Triumph and Lancia later—because it retains a specific personality in the market place and its own identity.

The company employs 28,490 and in 1978 car production rose from 143,631 the previous year to 208,508. Sales rose 6.6 per cent in value terms from DM 4.23bn (£1.06bn) to DM 4.509bn (£1.13bn). Capital investment shot ahead, however, as the company worked towards introducing the new Audi 100, and increased by nearly 77 per cent from DM 156m to DM 276m (£39m to £69m). Output at the Ingolstadt plant is around 505 Audi 80s and 450 Audi 100s a day, while at Neckarsulm 324 Audi 100s a day are turned out.

Some Audi 80 production takes place at the VW plant at Emden which also produces the VW Passat. Audi output is 206 a day.

BMW (Bayerische Motoren Werke). In 1978 this West German group sold all the 320,000 cars it produced compared with production and sales of 296,000 the previous year. Turnover was around DM 6bn (£1.5bn) against DM 5bn while net profits emerged marginally better at around DM 125m (£31.25m). BMW has more than 30,000 employees in the car business (it also manufacturers motor cycles and engines) and plants at Dingolfing and Munich.

More than half BMW's output is exported and it aims to spend around DM 4bn (£1bn) over the next three to four years to renew its model range and modernise production, adding a little to capacity at the same time. Capacity will probably rise to between 380,000 and 390,000 cars by 1985.

Jaguar Rover Triumph of the UK. This is the prestige car end of the state-owned BL group. It has 32,500 employees and an annual turnover of more than £1bn. Annual output is around 200,000 cars. Jaguar cars are assembled at the Browns Lane plant in Coventry, the main Triumph factory is at Canley, the Rover plant (which also makes Land Rovers and Range Rovers) is at Lode Lane, Coventry. One of the most significant investment projects within the BL group is the £280m programme to double output of both Land Rover and Range Rover four-wheel-drive vehicles by 1982.

Lancia of Italy. This is a subsidiary of Fiat, Italy's largest industrial group, but has its own identity and plants. There are 12,000 Lancia employees but they are also responsible for manufacturing Fiat's "Mini," the Autobianchi. Plants are in Turin, Civasso and Verrone. A smaller Lancia—of VW Golf/Ford Fiesta size and called the Delta—is to be launched in Italy in October and will be assembled at Lingotto, Fiat's oldest plant but one with a reputation for quality work.

Output of cars bearing the Lancia badge last year (not including the Autobianchi models) totalled 26,848 for the Italian market and 34,724 for export. The major export market is the UK, which took 12,290 Lancias last year.

Over the past five years Lancia's investment programme has absorbed L188.5bn (£102m).

Mercedes (Daimler-Benz) of West Germany. Daimler-Benz is Europe's biggest truck producer. But last year it also turned out 393,203 cars, a slight decline from the 401,255 achieved in 1977. But in 1978 the group was affected by the metal workers' strike. Some 45 per cent of the cars produced were exported.

Daimler-Benz has started a DM 10bn (£2.5bn) investment programme to cover the period 1979 to 1983 which will help increase capacity to an annual 420,000 cars and 50,000 engines. It will also enable a site near the Bremen plant to be used for the manufacture of a "smaller" Mercedes. The other car plant is at Sindelfingen.

The group has joined with Steyr-Daimler-Puch of Austria (there is no formal equity link between the two) to produce around 11,000 cross-country vehicles a year.

Daimler-Benz also made 248,100 trucks and commercial vehicles world-wide last year, to give it a total turnover of DM 21.95bn (around £7bn) and profits of DM 474m (£118.5m). There are 173,00 employees.

Porsche of West Germany. This is a privately-owned company unaffiliated to any other manufacturer. It has 10 shareholders, all members of the Porsche and Piëch families.

Production of the 928 and 911 models at Stuttgart-Zuffenhausen is around 15,000 a year, while the 924 model, manufactured in Neckarsulm, reaches some 24,000 a year. The company employs about 5,000.

The metal workers' dispute in Germany affected 1977-78 output. But turnover was up from DM 1bn to DM 1.12bn (£25m to £30m). Net profits fell from DM 17m to DM 10m (£4.25m to £2.5m). Exports represented 69 per cent of turnover.

Reliant Motors Group of the UK. This company qualifies for the list through its Scimitar sports saloon, although it also attacks the low-cost end of the car market with the three-wheel Robin and four-wheel Kitten. Slimmed down considerably since it was acquired three years ago by J. F. Nash Securities; the company produces about 8,000 vehicles a year and has 1,000 employees at its Tamworth base. Turnover last year was £17.5m.

Rolls-Royce Motors. The non-nationalised part of the old Rolls-Royce business assembles the Silver Shadow and Camargue at Crewe as well as Bentley versions. The Corniche is produced in North London. Last year the group turned out 3,347 cars, but output should be increased a little in 1979. Employees in the car part of the business total around 5,500.

Rolls-Royce Motors also makes diesel engines and other products. In 1978 the car division contributed £85.5m of the total £152m turnover and £10m of the £16.5m trading profit.

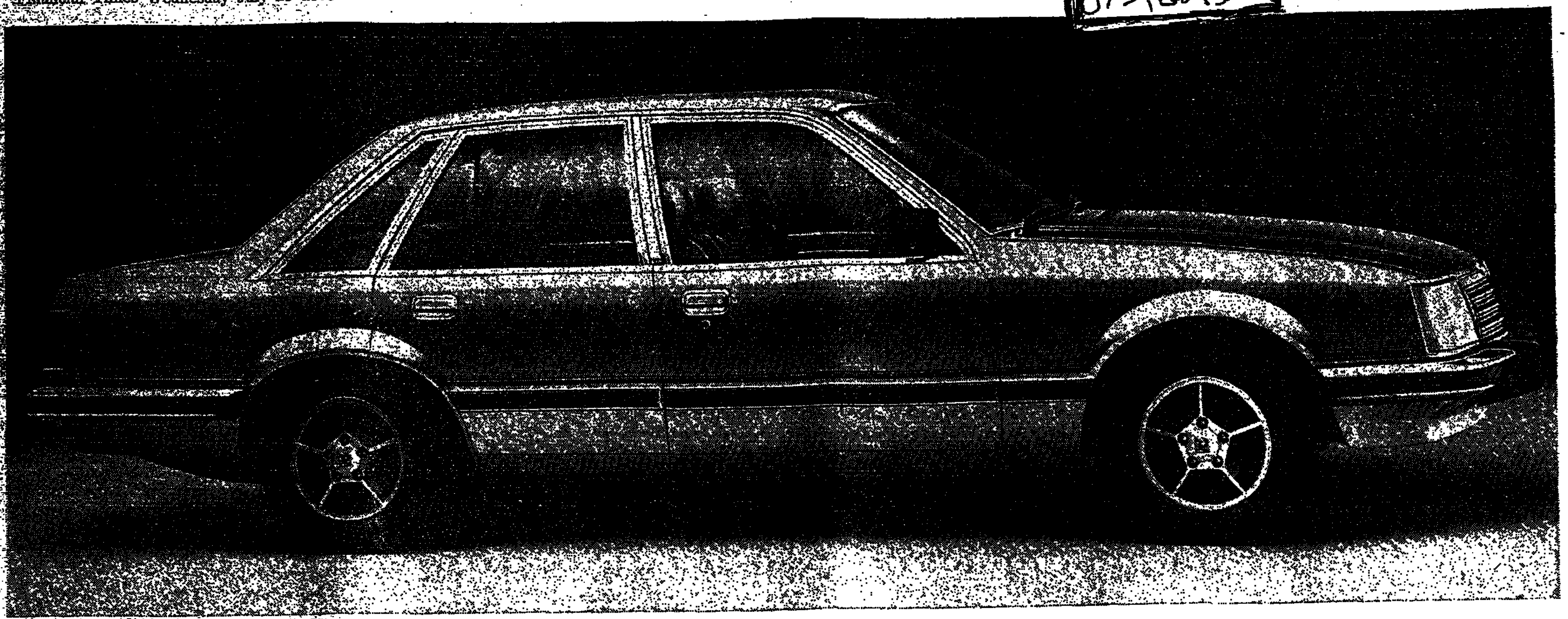
Saab of Sweden. This is part of Saab-Scania, which makes aircraft and trucks (Scania) as well as passenger vehicles. The company has 18,500 employees. Last year car output fell 5 per cent to 32,500 units as the division ran down stocks of Saab 99 cars preparatory to the introduction last autumn of the 900 series. The 900's success will lead to a substantial production increase, the latest forecast is 85,000. About 49 per cent of output was exported last year.

The car division contributed SKr 3.7bn (£39m) of the group turnover totalling SKr 11.64bn (£1.2bn) last year. The division employs around and has its plant at Trollhattan.

Volvo of Sweden. Volvo is the largest industrial enterprise in Scandinavia, with manufacturing and sales facilities throughout the world. Turnover of the group was SKr 19bn (£2bn) in 1978. The Volvo Car Corporation contributed more than SKr 10bn (£1.06bn).

During 1978 Volvo Car sold 278,000 vehicles and the production target for 1979 is 315,000 to 320,000. It has more than 22,000 employees. The main plants are at Torslanda and Kalmar in Sweden as well as Born in the Netherlands and Ghent in Belgium. Volvo also makes buses, trucks, aero engines, marine and industrial engines and construction equipment.

Kenneth Gooding



It has everything you could unreasonably demand.

When you pay over £9000 for a motor car, there are one or two things you should be able to take for granted.

The first is a measure of exclusivity.

What pleasure is there in owning a car that could be mistaken for one costing £2000 less than you paid.

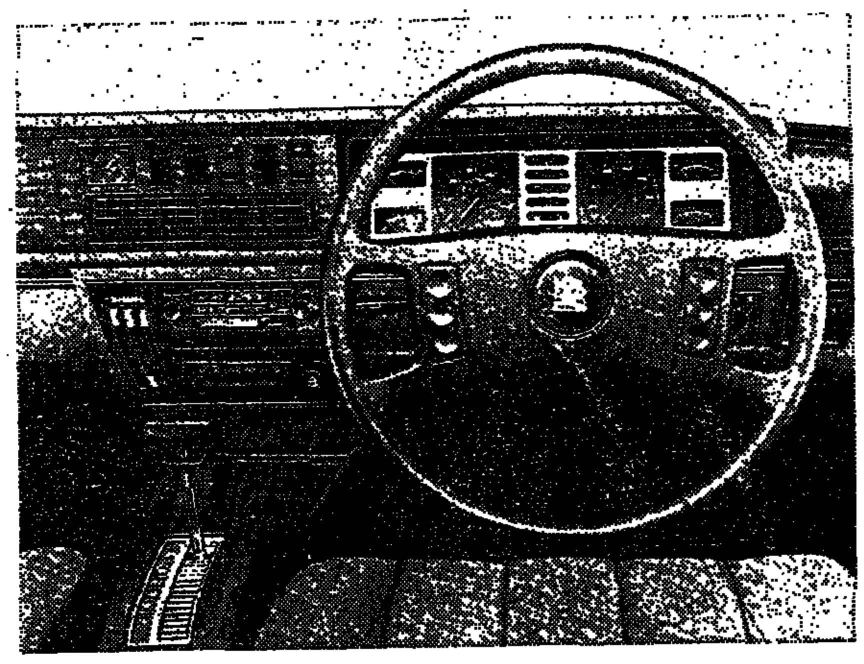
The second is a fitting level of equipment to match the price.

Being asked to agonize over a list of options can be both tiresome and inappropriate.

On both counts, you'll find the new Vauxhall Royale saloon a refreshing change.

It costs £9428 and there isn't a cheaper version even if you wanted one.

There are just two options available: manual transmission at no additional cost (automatic transmission is standard) and air conditioning for a further £770.



Everything else you could possibly wish for is standard equipment.

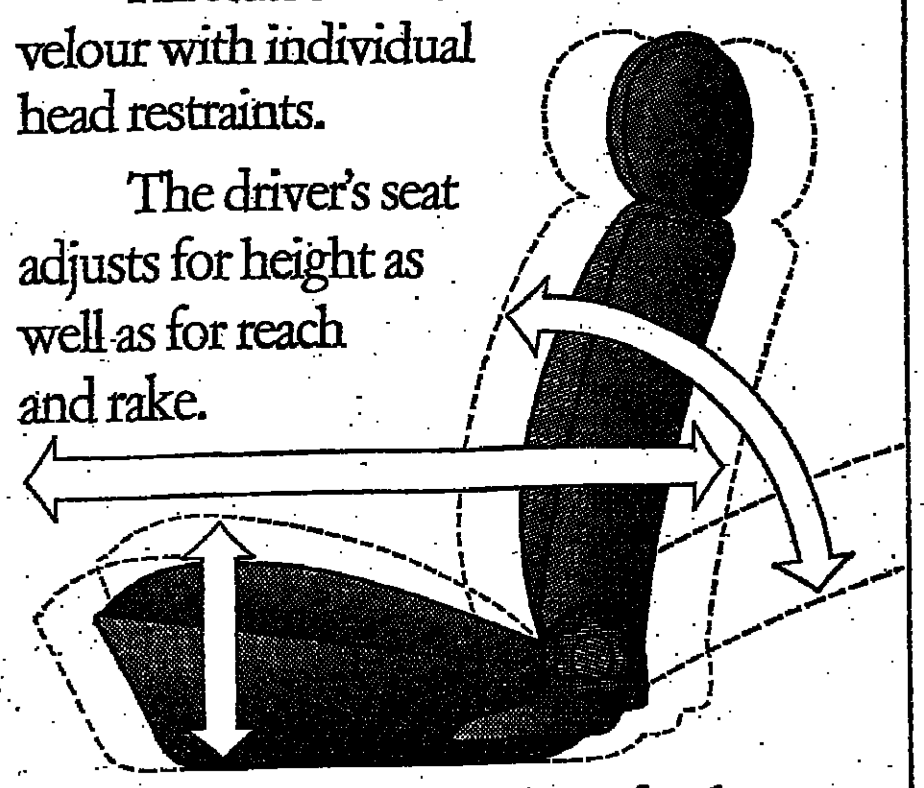
The engine is a 2.8 litre, six cylinder unit that carries the Royale to a top speed of 115 mph. (Manufacturer's figures.)

And because it develops maximum torque at just 3400 rpm, there is no sense of strain or urgency, even under hard acceleration.

Inside, the appointments are a Puritan's nightmare.

All seats are covered in crushed velour with individual head restraints.

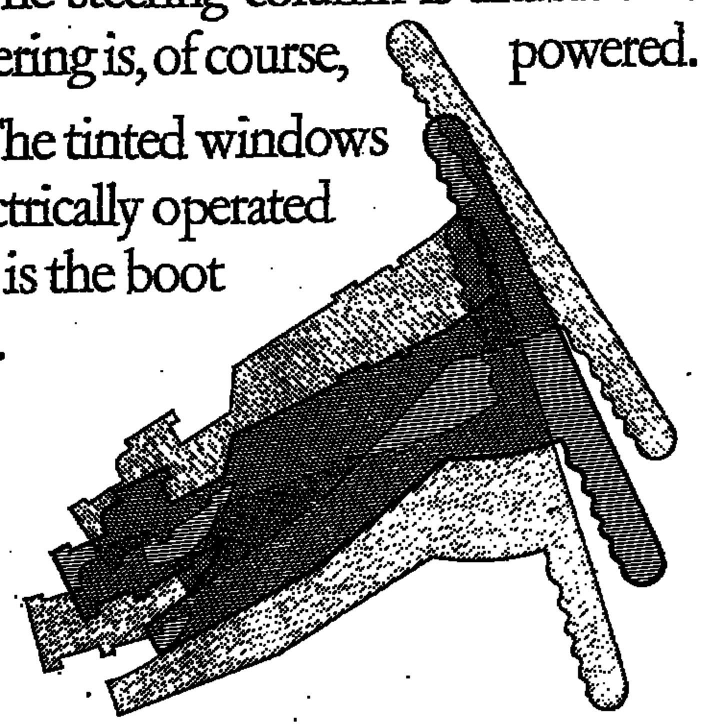
The driver's seat adjusts for height as well as for reach and rake.



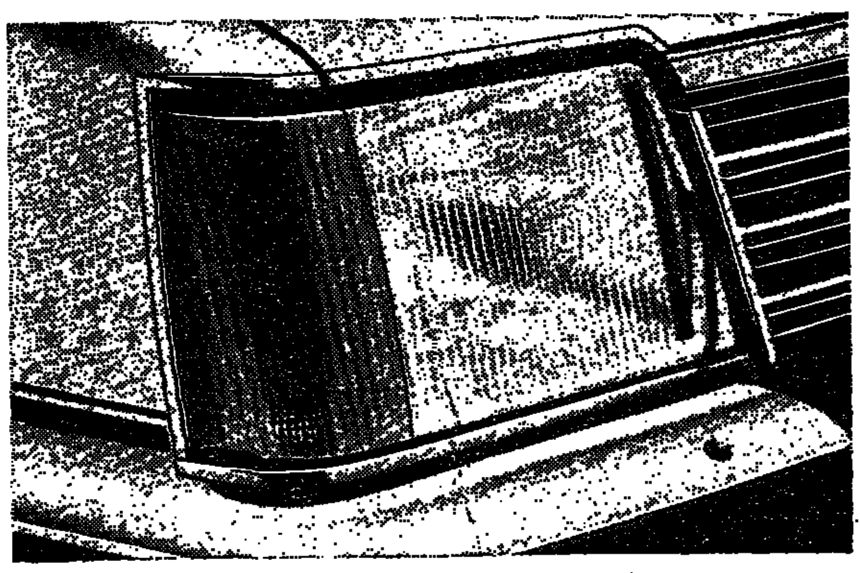
There is central locking for the doors, a steel sunroof and radio/stereo cassette player with three loudspeakers.

The steering column is tiltable and the steering is, of course, powered.

The tinted windows are electrically operated and so is the boot release.



While a brilliantly engineered suspension and superbly aerodynamic body shape make the Royale uncannily quiet at any speed.



Outside, you'll find the same meticulous attention to detail and finish.

Double-skinned metallic paint, alloy wheels and a headlamp wash/wipe system.

And styling that is a welcome relief from the Pan-European designs that are becoming daily more common.

Ask your nearest Vauxhall dealer to give you a demonstration run in a Royale.

We think you'll find it's one of the best appointed luxury cars on the road.

VAUXHALL ROYALE

ROYALE SALOON £9428. COUPÉ £9776. PRICES CORRECT AT TIME OF GOING TO PRESS, INCLUDE CAR TAX AND VAT. DELIVERY AND NUMBER PLATES EXTRA.

A selection of the Avis Rent-a-Car luxury fleet: three Mercedes-Benz models, a Rolls-Royce Silver Shadow and a Porsche 928

Rented luxury—for £700 a week

INCREASED PETROL cost seem to have had little or no long-lasting effect on the hire of luxury cars, which are in the main, fuel-thirsty. For costs of fuel, or for that matter the cost of the hire of the vehicle, are not the central criteria upon which a driver decides whether or not to rent a luxury car—which can cost up to £686 a week.

Rather, he or she wants reliability—and the kudos attached to driving a car such as a Porsche, Mercedes Benz, Rolls-Royce, Jaguar or BMW. As one company in the business said: "A businessman cannot afford the time for the car to break down, and besides he wants the prestige of driving a luxury car."

More customers in this sector of the market are business people—either foreigners on a short business trip to the UK or UK businessmen who either want a luxury car for special appointments or whose own company cars are being repaired or who are waiting delivery of a new car.

But there are slight differences in custom between companies in this sector of the market—all of whom tend to be London-orientated. Guy Salmon Car Rentals claims to be more into the UK business house market than its competitors, Avis, Hertz and Swan National Rental are.

Avis Rent a Car, part of the multinational Norton Simon Group which bought it from ITT in 1977, has more of an international clientele than its competitors because of the group's international companies. It also caters for the "show business" end of the market, offering a chauffer service, while Hertz sees its market more in the middle range of luxury car customers. It used to run Daimlers but the supply of new cars was inadequate, and until last year, when it introduced the Mercedes Benz, its "top car" was the Granada Ghia.

The number of car rental companies in this sector of the business is relatively small. This is because the business needs a high capital outlay—during the past 12 months costs of new luxury cars have increased rapidly—and because there is an emphasis in the business on fast turnover of vehicles. Therefore a company needs good outlets for used vehicles which often have less than 14,000 miles on the clock.

Guy Salmon has been in the executive car rental business for about ten years. The company—a BL main dealer—started to hire cars as a service to existing customers when their cars were off the road.

Mr. Richard Salmon, managing director of Guy Salmon Car Rentals, then saw a gap in the market between the massive international car rental corporations and the much smaller, local operators who comprise about 70 per cent of the total UK rental market.

Faster

Three years ago the south-west London-based company opened a new base in the West End of London to provide it with a faster access to London customers. It expanded its fleet of luxury cars and offered a 365-days-a-year, 12-hours-a-day service.

The company's first luxury cars for hire were the Rover 2000 and the Jaguar XJ6. Now its fleet comprises about 250 cars (out of a total of 500 hire cars) and includes the BMW, Mercedes-Benz, Saab Turbo, Porsche 924 and Range Rover. Guy Salmon also supplies smaller rental companies with luxury cars. They market the cars in Guy Salmon's name. In effect this is sub-contracting with Guy Salmon wholesaling car rental.

In its early days the company found that in order to compete with the ordinary rental companies it had to have a free delivery and collection service, particularly as its headquarters were outside central London. This has continued, even with the West End base now operational.

Turnover of cars is rapid—about every nine to 10 months. Richard Salmon said: "People will not tolerate high mileage cars. If a man is renting a Jaguar Series 3 at about £320 a week he does not want a tired-looking cars. But basically the customer is not interested in the price—he is prepared to pay for good service.

But there is perhaps a slight uncertainty over the market—the VAT increases, the price of luxury cars rising steeply and the Government examining the issue of company cars and perks. This is why companies in the business are increasingly emphasising the rapid turnover of vehicles, which lessens the blow of depreciation.

However, although the Budget has altered tax allowances on leased cars, there is no restriction on the amounts claimed by customers against tax on short-term rental.

Richard Salmon has seen companies getting into difficulties because, faced with rising purchase costs, they have held on to cars with resulting heavy losses. It is also a market which is increasingly difficult to enter because of the high purchase costs. Also, without a good relationship with dealers car rental companies find it difficult to obtain luxury models, for which there are waiting lists of up to two years.

Because of the value of their cars, car rental companies have special insurance schemes. Guy Salmon operates its own comprehensive insurance policy which gives third party cover up to £1m. Avis Rent a Car's Collision Damage Wever, which costs £6.50 a day (the normal fleet insurance cover costs £1.50) only entails customer liability of the first £500 of damage. As one company said: "Some customers do not realise the full extent of costs involved if they have an accident with a luxury car." Because of the value of the cars most companies operate a 30 years minimum age limit.

Avis Rent a Car, whose luxury car fleet includes the Porsche 928, Rolls-Royce Corniche, Mercedes-Benz 350SL and Jaguar XJS, has more international custom than its competitors, having sister company offices on the continent. It is the market leader and offers a range of services, including that of the chauffeur-drive car. Its £500,000-tus luxury car fleet comprises about 50 cars, excluding the Granada range. These, despite it being a multi-branch company, are only generally available in the London area.

Lisa Wood

The status battle

MANY COMPANIES complain that they waste an inordinate amount of top management time wrangling over the car allocation policy and the make, type and even the colour of the car finally provided. So says Mrs. Helen Murlis, executive remuneration adviser to the British Institute of Management (BIM), discussing the BIM's latest survey into "Business Cars."*

The BIM has been monitoring the subject for four years and now suggests that nearly two-thirds of all new cars *registered in the UK* are either owned or financed by companies for their directors, managers, sales and service staff. That means more than 1m new cars will be purchased by companies this year. Take a conservative average price of £3,500 for each and that implies companies will spend £3.5bn in 1979 on passenger vehicles—or more than 2 per cent of the UK's Gross Domestic Product.

No wonder Mrs. Murlis maintains: "Much of the British motor industry is geared to the company car market and model ranges are designed as much to correlate to company status hierarchies as they are to the needs of different kinds of private motorist."

It is no secret why the UK is the place where the company car flourishes. Cars have been one of the most effective ways of adding to an employee's income without making substantial additions to his tax burden. The BIM reckons that a company car has been worth somewhere between £1,500 and £2,000 a year if depreciation, tax, insurance and maintenance are taken into account.

As Mrs. Murlis points out: "If an executive moves to a job where he will get a car for the first time, the company is effectively giving him either a tax-free bonus of whatever he gets for the car he owned or the use of a second car for his wife and family. *In either case there is a* material improvement in his standard of living."

Nearly every company covered by the BIM's recent surveys provided cars. The only exceptions were companies without a sales force which are either overseas-owned and have not yet adopted UK practice for their managers or those that prefer to provide financial assistance alone.

Car allocation is a contentious issue and decisions on allocation policy are, therefore, normally made at Board level unless the *company is large enough to* warrant the existence of a company car policy committee. Even then the committee will mainly consist of Board members or very senior executives, with the managing director being the final arbiter in any dispute.

Senior

The accompanying table shows that it is only at senior management level and above that status is the predominant reason for car allocation. Below this level companies usually stipulate an annual business travel requirement which is commonly between 5,000 and 10,000 miles.

At director and senior management level companies are much more likely to offer executives a free choice of car within a specified price range than lower down the scale. They may specify in addition that the car is British or at least Common Market made—given that so many so-called British cars are now assembled in Europe.

Of the 471 companies which helped the BIM with its investigations, only a handful admitted that they were currently acquiring imported cars. But the evidence suggests that already smaller companies, which have shorter decision lines and react faster to change, are buying or leasing more and more foreign cars, especially from the EEC countries.

According to Industrial Market Research (IMR†), nearly half the company car market is accounted for by companies with fleets of fewer than 25 cars. IMR comments: "Just as the penetration of foreign car sales to private individuals has been high, so too the potential for foreign cars is greatest in those companies where individual preference (typically of senior executives) weighs most heavily."

In other words the small company sector is, of all corporate customers, the most favourably disposed towards the foreign car. Importers can also take heart from the fact that what could be described as the "status syndrome" re-emerges at the salesman level in many companies.

In an analysis of the BIM report designed to help motor traders, Aplin Phillimore Associates points out that the Ford Cortina is so far the most popular fleet choice (it is seen by the market to lead the field on discounts, residual values, maintenance and operating costs generally) that it has become the "recognised" company car.

"This is one of the influences that has prompted smaller companies in particular to allow staff to opt for alternative (and mainly foreign) cars. Employees prefer not to have neighbours automatically assuming that they run a 'company' car. The trend can be expected to intensify," states Aplin Phillimore.

Two factors could change the company car market in the future — oil prices and the *Government's determination to* switch the emphasis from direct (income) to indirect (VAT) taxation.

Status plays such a part in the selection of company cars that the business market for big cars for directors is likely to ride above the effects of escalating oil prices. The BIM report states, for example: "We know of managers who would forego a salary increase before having the type of car reduced."

Mrs. Murlis suggests that maybe smaller, less thirsty but more luxuriously fitted cars will *be of more interest in future* than the large impressive top management car of the early 1970s.

"It is almost always difficult to reduce the size or quality of car available even where rapidly rising car prices make this necessary. Many managers feel sure that their neighbours will wonder what has happened if their new car doesn't carry the same status implications as the last one when it appears in their drive for the first time.

"Even if they are not in fact worried about their own status they may feel that it looks as though the company is not doing so well," she says.

Given that the strength of the UK business car market is unique thanks to the way successive tax and pay policies have converted the car into a product which needs, whenever possible, to be financed out of pre-taxed income, the about-face in tax policy must surely weaken the demand for company cars.

That might not be such a bad thing. As Mrs. Murlis commented (about the rapid development of the company car market during the past four years): "Whether this is desirable or whether companies should be able, as they are in Europe and the U.S., to pay salaries which allow the individual manager to finance a reasonable car of his own is a subject which has yet to get the full discussion it may deserve."

The Conservation Society has no doubts. A recent pamphlet insisted: "The company car system is highly inequinable. It is probably emphasising and maintaining social divisiveness and doing so in a manner that is insidious because it is not obvious. It is leading to inefficiencies in uses of resources, notably fuel."

The Society argues that as most UK citizens are taxpayers and company cars attract tax relief, it can be argued that almost everyone in the country contributes towards company cars. But only the middle-class higher income groups actually benefit. Therefore the lower-income groups are effectively subsidising car ownership among the richer members of the community.

The same lower income groups are also those which suffer most from the problems of being carless in a car-orientated society. Facilities are becoming less easy to reach other than by car at the same time as the means of reaching them other than by car are being withdrawn.

"Business Cars." From the British Institute of Management £37.50.

†"Company Cars—Policy and Practice in the Small Company Sector," Industrial Market Research Ltd., 17 Buckingham Gate, London SW1E 6LN.

K.G.

CAR ALLOCATION CRITERIA FOR MANAGERS

(% companies)

	Chairman/ managing directors	Board members	Senior managers	Middle managers	Junior managers
Status only	79	77	51	22	12
Salary level only	1	1	3	2	1
A combination of status and salary level	7	9	16	11	7
Amount of business travel required only	2	2	7	28	49
Amount of business travel required plus status	8	8	16	24	17
Amount of business travel required plus salary level	—	—	1	5	4
Amount of business travel required plus status and salary level	3	3	6	8	10
Sample Size	430	380	421	328	227

Taken from BIM's Management Survey Report "Business Cars" by M. Woodmansey.

EXECUTIVE CAR SALES IN EUROPE

	1977 Volume	1977 Percentage of car sales	1978 Volume	1978 Percentage of car sales
Austria	63,275	21.38	33,984	21.47
Belgium	85,835	20.30	98,186	23.51
Denmark	17,940	12.70	17,785	13.35
Finland	14,322	16.06	14,485	18.12
France	297,562	15.60	324,055	16.66
Germany	749,707	29.27	826,357	31.02
Italy	119,812	9.93	129,470	9.36
Netherlands	81,330	14.74	93,780	16.07
Norway	47,456	32.67	28,834	37.05
Portugal	4,676	6.69	4,814	10.80
Sweden	108,215	44.33	88,643	44.13
Switzerland	55,542	23.72	68,763	25.32
UK	175,142	13.2	223,288	14.0

Source: Jaguar Rover Triumph

To buy or to lease

THE DECISION whether to lease or to buy is primarily a financial one. And financiers ought to be able to approach it rationally, and therefore should come up with the right answer.

But do they? A considerable number produce a facile answer—based on an inadequate comprehension of the matters which should enter into their *considerations.*

Others, understanding the problem more clearly, feel like nothing so much as weeping with rage and frustration at the difficulty of achieving a totally rational solution: and weeping is understandable, because the more one contemplates the question the more like an onion it seems. Strip away one layer and one meets another tear-jerking one beneath.

The easiest way to begin the journey towards a solution is to think oneself into the shoes of a lessor. Leasing is primarily a *financial* transaction, and one therefore needs to see it in the financial terms in which the lessor sees it. This is the viewpoint shown in the table, and the explanation of that table is as follows.

We assume that the lessor acquires a car costing £8,000, which he is going to lease out for a three-year term at a quarterly rent of £517 payable in advance. At the end of that period, the lessor intends to sell the car into the second-hand market, and the proceeds he anticipates receiving are £4,000. The lessor is acutely aware of the cost of the funds he needs to borrow in order to carry out this transaction—he estimates that he will be paying 4 per cent per quarter, equivalent to almost exactly 17 per cent per annum.

The lessor borrows £8,000 and purchases the car. Immediately, he has done so he receives the first rental instalment, which he uses to reduce his borrowing to £7,483. It is on this figure that he is charged interest at the end of the first quarter. This, and each succeeding quarter's interest charge, increases the level of his borrowings, and each rental instalment enables him to reduce that level. The table is thus a simple cash flow statement dealing in isolation with this one lease.

But the lessor must also build into his cash flow projections the tax claims and liabilities flowing from his ownership of the asset, and from the income and expense referable to it. And here we meet some rather surprising figures. The withdrawal of the 100 per cent first-year allowances for leased cars in the Finance Bill does not necessarily penalise lessors of cars costing £8,000 or less as heavily as might be supposed. (Over that figure there is an upper limit of £2,000 per anum of annual allowances.)

If our lessor were selling off one of his earlier leased cars, whose tax value was nil because of the first-year allowance he had had, then the whole proceeds of the sale would normally be taxable. But he can set these proceeds (let us assume them to be £4,000), against the *cost of the new £8,000 car now* being acquired and avoid the charge to tax. Further, he can also get a 25 per cent annual allowance for tax purposes on the balance of the new car's cost. The effect of these two factors is that he effectively gets tax reliefs of £5,000 on purchasing a car costing £8,000.

Compute

One can then compute the lessor's tax position for each of his accounting periods during the lease term. (For convenience we have assumed that the lease commenced at the beginning of an accounting year, and that the tax payable date falls nine months later. Exactly when tax becomes payable or repayable is important for cash flow purposes.)

At the end of the lease term, having sold the car, the lessor's positive cash flow is £1,633. He is able to accumulate this sum at interest for nine months before needing to use it to pay off his final tax liability.

At this point he is shown as having broken even on the whole transaction: and the reader may be wondering what is its relevance to his own lease/buy decision. To answer that question we need to hypothesise that the potential lessee has calculated that if he has the use of the car concerned, he can generate exactly £2,068 of profit per annum from using it. If he leases it, he is therefore in a position of perfect equilibrium, with his profits exactly meeting his rental obligations. (His tax position is also in balance on the figures illustrated. Had the car cost more than £8,000, a part of his rentals would not be deductible under the Finance Bill proposals.)

If on the other hand, he buys the car, borrowing £8,000 to do so at 4 per cent per quarter, he might be able to generate exactly the same tax repayment and liability as the lessor from his ownership, and again he would be in a state of equilibrium in cash terms, since his profits exactly liquidate his borrowings.

His decision whether to lease or to buy must therefore be based on the extent to which he can subsume the lessor's position as illustrated. For instance, given the other facts, rentals of £517 equate to borrowing costs of 4 per cent per quarter, to what rate does his potential rent equate, and can he borrow more cheaply?

Then there are tax questions: Does he have taxable profits such that he can obtain a repayment on £4,076 in year 1; and if so is 52 per cent his effective rate? Or is he a small company at 42 per cent, or a company paying only advance corporation tax, not mainstream? What would be the timing of his tax repayment and liabilities?

And these are only the first two sets of questions. The onion has another skin beneath on which are questions about our potential purchaser's ability to borrow the funds he would need in the way he would need them—and whether the cost might increase or decrease in the three-year term.

Below that is a layer of questions about maintenance, servicing, and all sorts of other things which motorists understand and financiers are reputed not to.

Once started along this path of decision-making, it is difficult to know where to stop: but that is not an excuse for failing to take the path at all.

Then there are tax questions: does he have taxable profits such that he can obtain a repayment on £5,104 in year 1; and, if so, is 52 per cent his effective rate? Or is he a small company at 42 per cent, or a company paying only advance corporation tax, not mainstream? What would be the timing of his tax repayment and liabilities?

And these are only the first two sets of questions. The onion has another skin beneath on which are questions about our potential purchaser's ability to borrow the funds he would need in the way he would need them—and whether the cost might increase or decrease in the three-year term. Below that is a layer of questions about maintenance, servicing and all sorts of other things which motorists understand and financiers are reputed not to.

Once started along this decision path, it is difficult to know where to stop: but that is not an excuse for failing to take the path at all.

David Wainman

CAR LEASING TAX FLOW

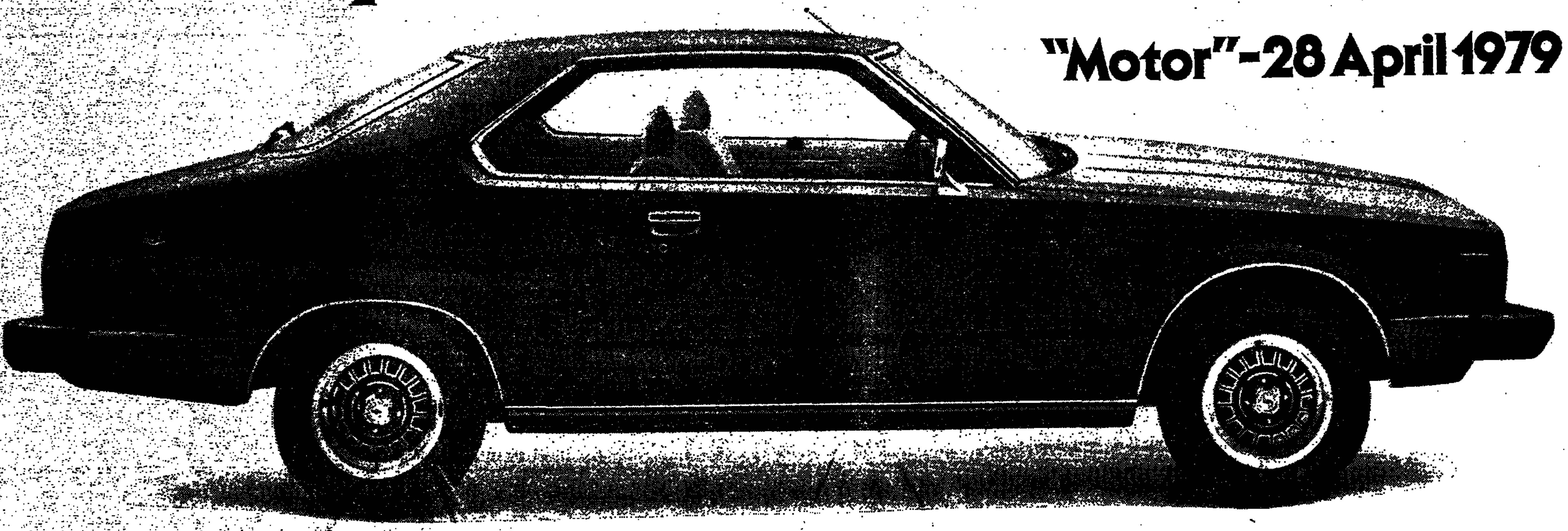
	Rentals received	Tax (re-payment) or payment	Cash invested: Beginning of quarter	Interest	End of quarter
1st quarter	(517)		7,483	299	7,782
2nd "	(517)		7,265	291	7,556
3rd "	(517)		7,039	282	7,321
4th "	(517)		6,804	272	7,076
	(2,068)			1,144	
5th quarter	(517)		6,559	262	6,821
6th "	(517)		6,304	252	6,556
7th "	(517)		6,039	242	6,281
8th "	(517)	(2,119)	3,645	146	3,791
	(2,068)			902	
9th "	(517)		3,274	131	3,405
10th "	(517)		2,888	115	3,003
11th "	(517)		2,486	99	2,585
12th "	(517)	208	2,276	91	2,367
Proceeds (4,000)					(1,633)
	(2,068)			436	
13th to 15 qtr.			(1,633)	(125)	(1,758)
16th quarter		1,758			Nil

LESSOR'S TAX POSITION

	Year 1	Year 2	Year 3
Rental income	(2,068)	(2,608)	(2,068)
Interest expense	1,144	902	436
Capital allowance	5,000	750	(1,750)
Tax (profit) or loss	4,076	(416)	(3,382)
Tax liability at 52 per cent		208	1,758
Tax (repayment)	(2,119)		

"With fuel injection and variable-weight power steering, Datsun's lavishly-equipped sporting coupé is one of the most sophisticated Japanese cars we've tested. It's certainly the best Datsun yet..."

"Motor"-28 April 1979



"Motor" magazine has summed it up.

The new Datsun Skyline 240K Coupé is a high performance thoroughbred of superb engineering and quality.

It is undoubtedly a car to match the exacting requirements of the enthusiast driver and the motorist for whom creature comforts are a priority.

To get you going it has a 2.4 litre engine with electronic ignition and Bosch electronic fuel injection—so it's strong on performance with 127bhp at your command.

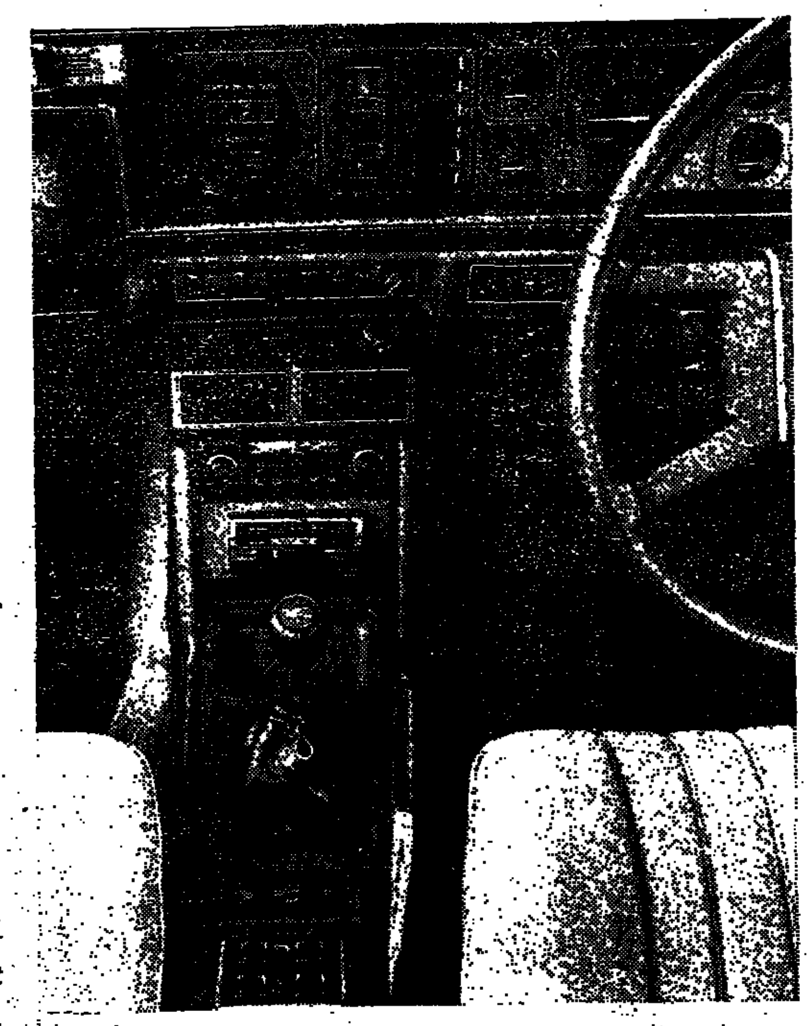
It also has progressive power steering by ZF to automatically adjust the assistance you need, more in town, less on the open road.

For superior road holding, the Skyline has the sophistication of independent suspension on all four wheels, and for safe stopping, there's a duplicated anti-skid system with power assisted disc brakes all round. On special alloy wheels, of course.

For the transmission you have a choice—a close-ratio 5-speed gearbox or, at extra cost, Nissan's silky smooth automatic.

On the dashboard you'll find a comprehensive array of instruments from rev counter to power boost meter, and check lights for nine functions from door ajar to stop lamp monitor.

All in all, the Skyline Coupé has just about everything the enthusiast could ask for in a high performance car. And then it has a host of luxury touches—electrically operated windows that wind down completely to give you a *pillarless coupé*; thickly upholstered cloth seats with adjustable lumbar support for the driver; an extremely accurate quartz digital clock; two waveband push-button radio and auto-reverse stereo cassette; and power jet



headlamp washers, wash/wipe system for the rear window (heated, of course), interior release for the boot with anti-theft override, locking illuminated glovebox, vanity mirror with safety cover, tinted glass with laminated windscreen, and much, much more.

On some other performance coupés, many of these items of equipment will cost you extra.

A lot extra.

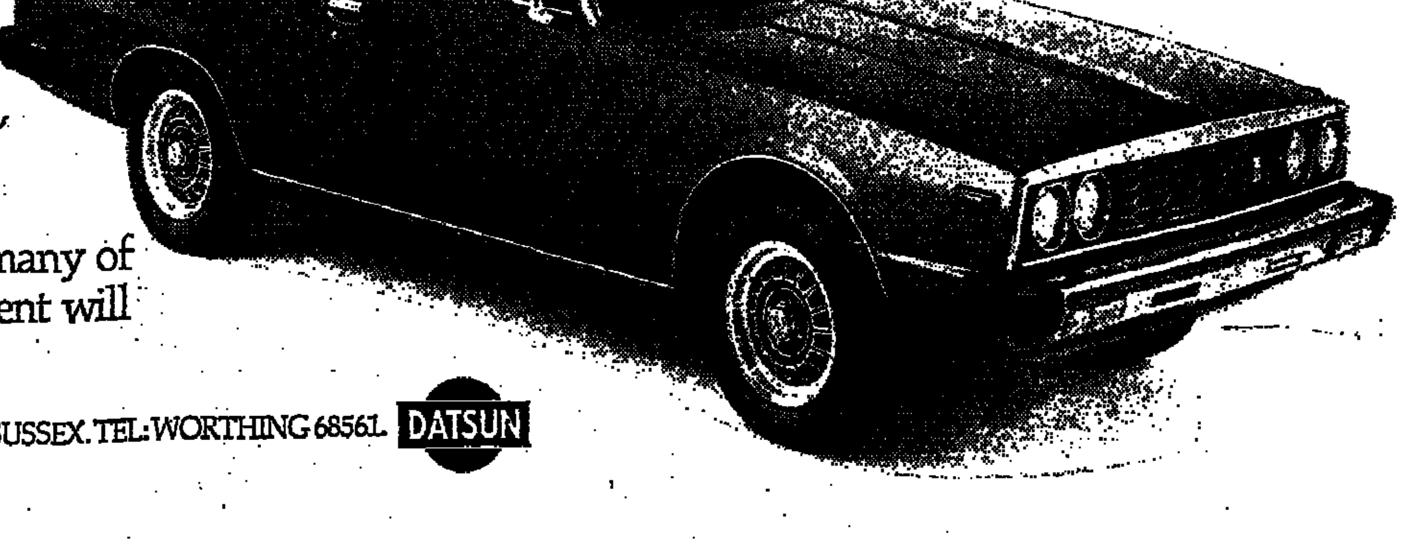
For example, other manufacturers will ask you to pay up to £1,040 for electric windows, tinted glass, alloy wheels and headlamp cleaner—but that still doesn't give you a radio, stereo cassette, rear window wash/wipe and quite a lot more.

On other models, headlamp cleaner, power steering, alloy wheels and tinted glass will cost you up to £1,033 extra—and you're still short of electric windows, rear window wash/wipe, radio, stereo cassette and so on.

With the new Skyline, you also have the individual "plus" of Datsun's top reputation for quality and reliability, confirmed by the recent independent report that Datsun have fewer warranty claims than any other car.

The new Datsun Skyline 240K Coupé is at your dealer's showroom now, priced at just £6,761, including special car tax, V.A.T., inertia reel seat belts and door mirror.

And that's remarkable value for the most technically advanced, high performance luxury coupé that Datsun can offer!



DATSUN U.K. LIMITED, DATSUN HOUSE, NEW ROAD, WORTHING, SUSSEX. TEL: WORTHING 68561. DATSUN

Higher profits in luxury sector

THE LUXURY car sector accounts for no more than 2 per cent of total sales in any European country. But as the cars cost in UK terms from around £10,000 each upwards, this is a highly profitable end of the market in which to operate—particularly as most of the manufacturers are short of capacity and have not been able to meet demand for some years.

A prime example of the kind of figures which can be achieved has been supplied by Porsche. In the current (1979) model year 10 of its 18 UK dealers will each chalk up a car sales turnover of more than £1m. Yet only 1,500 cars will be going through the entire network.

In Britain the luxury sector is different from the broad middle-range in that large and even middle-sized corporations do not buy many cars of this type. They are considered to be too ostentatious.

But Rolls-Royce Motors for one would argue that successful British companies should make sure their chairman or chief executive has one of its vehicles at his disposal. Rolls suggests that it is rather good for the purchasing company's image. And there is also the fact that the Rolls is likely to appreciate in price and would last a lot longer than other vehicles.

Pleased

Of course Rolls represents the peak of the luxury car market and really does not have any competitors. In fact all the other luxury car manufacturers seem very pleased that Rolls is up there on the pinacle producing just a few cars a year.

Some marketing men take the view that Rolls is not really taking trade away from any other manufacturer. The argument is that the thought processes of the potential Rolls buyer go something like this. "Should I buy another country house? Should I put a heart-shaped swimming pool in the grounds of this house? Should I buy another race-horse? Or should I get a Rolls?"

Rolls itself has to worry about its customers. For example, in recent years there have been suggestions that its cars were bought only by pop stars, property developers and others beyond the pale who in some way had got-rich-quick.

So the company had some research carried out by MORI and found the results somewhat heartening. As the accompanying table shows, the majority of people questioned—and it was a large sample of 4,000 people over 15 years old with various backgrounds spread throughout the UK in 236 constituencies—believed that the Rolls owner was lucky to be able to afford one and was a person who loves fine cars. According to the survey, people are more likely to assume the Rolls owner is a successful businessman than someone in the pop-star jet-set tradition.

In fact dealers do say that many of the customers for luxury class cars actually pay cash. Not cheque-cash but the cash that comes in rolls of tenners. It certainly helps to be in one of those cash-over-the-counter businesses if you are trying to save £11,000 to £12,000 for a car.

The typical British customer for a luxury car is the owner of a small or medium-sized business. He decides what car the company is going to give the chairman and managing director and, as he is chairman and managing director, he gets no argument from the rest of the board. In marketing terms the purchasing decision is made by the man who is to drive the car.

This explains why so many showrooms selling luxury cars have very large mirrors everywhere. The idea is to let the prospective customer see himself at the wheel of this grand machine, let him try it on like a suit. Once he has seen himself as others will see him when he is on the road he can't resist buying the thing—or so the theory goes.

Private purchasers — those that actually pay for their cars out of taxed income from their own deep pockets — are very few and far between in Britain and are likely to become extinct now that VAT has shot up to 15 per cent. Although changes elsewhere in the UK tax structure will leave the highly paid with more disposable income, the majority are company men with company cars and likely to remain that way.

But in the main, UK demand for high-priced, high-powered cars has been booming both this year and last — with the important exception of those cars with large engines.

Consequently supply is far behind demand. Britain's domestic producer of luxury cars, Jaguar Rover Triumph, could have a real winner in its Series 3 Jaguar, which is only subtly different from its predecessor. (To start with there is more headroom at the back because JRT acknowledges that many of these cars are chauffeur-driven.)

Confident

But a new paint plant has been playing up and so the waiting list for the new Jaguars has lengthened and lengthened.

The Jaguar remains the car other luxury producers envy. For example, both Mercedes and BMW of West Germany are confident they can match the engineering attributes of the Jaguar—but not at anywhere near the price JRT charges.

Mercedes owns the company importing its cars to the UK but even so the allocation is far below the numbers which could be sold.

Some 7,000 Mercedes a year are shipped to the UK and that figure has not changed much in recent times—not even when attractive newcomers are added to the range. The current example is the T estate car. Any sales of the estate will count against the year's allocation.

The marketing men at Mercedes UK reckon they could sell between 11,000 and 12,000 cars a year if they could get them.

What makes the UK an outstanding market for both Mercedes and its West German rival BMW is that it takes a relatively high number of the up-market and expensive cars.

This is particularly important when the factory is considering model mixes. For instance, six out of ten of the big Mercedes saloons sold in the U.S. have diesel engines against only 8 per cent in Britain. That puts the UK in a vital position as far as some of the large petrol-engined models are concerned.

BMW is in the process of taking over its own UK distribution business (including the motor cycles) from Tozer Kemsley and Milbourn (Holdings) on a friendly basis and on January 1, 1980, the change will be formalised.

Last year 10,506 BMW cars were sold in Britain but the allocation has been increased in 1979 so that the total should reach around 13,000. At the half-year stage the company was on target, having sold nearly 9,000. The allocation should be steadily increased and BMW estimates that by 1985 around 20,000 of its cars will be registered in Britain annually.

One noticeable trend in the UK in the past year or so has been the gradual fall in the market share of luxury cars with big engines—those with six or eight cylinders. Some people believe that the days of these big-engined cars are numbered because of the various pressures, not the least a general feeling that it is somehow anti-social to own or operate a "gas-guzzling" vehicle.

Manufacturers also have to meet stringent Corporate Average Fuel Economy (CAFE) regulations in the U.S. — by far the most important export market for most of the luxury car makers. In France, Germany and the UK the car makers have given undertakings of one sort or another that they will improve the fuel economy of the vehicles they put on the road in the mid-1980s.

As a result, the manufacturers have been turning their attention to how they might in future offer slightly smaller, less-thirsty cars while at the same time giving the customers the standard of luxury and equipment they demand.

K.G.

The Jaguar XJ 125.3 Series 3: the waiting lists grow longer

Smaller cars keep spacious image

EVENTS AT petrol stations throughout the world have so far had no clear effect on new car buying patterns. So far this year, Ford, the market leader in Britain, has enjoyed unprecedented demand for its big Granada, and the Cortina class is the biggest growth area in the new car market.

Despite this, most forecasters are predicting a change. The trend will not be seen with any distinction until later this year because July is traditionally a poor sales month and the stimulation created by the introduction of the new August registration suffix gives an artificial picture.

It will be from September onwards that any change will be identified. Most are expecting it to be towards smaller, more economical cars. If this is the case, companies can only expect to be caught up in the cost-paring exercise of going down-market.

But the executive cosseted by a large luxury car need have no fear at the prospect of driving a smaller one. Most medium-sized cars, particularly at the top end of the model ranges, have full instrumentation, cloth trim and carpets. They have items like heated rear windows, cigarette lighter and exterior mirror. Many have radios as standard, some offer sun roofs, and most have automatic gearbox options.

Today's models are quiet, smooth and remarkably spacious. They stop very well indeed, and they can be cornered quickly. Really, there is no design aspect in which they are significantly inferior to bigger models. Furthermore, they are a lot cheaper, and, thanks to the events after 1973, remarkably economical to fuel.

The only area that the driver may find more difficult to accept is one of prestige. A Fiesta is not the same as a Granada, even if it does have a Ghia badge.

Car makers have tackled the problem of giving mass produced cars a bit of class in a variety of ways. Some have gone for style, some for performance, and some for luxury. And some lucky makers do not even have to try too hard—they have prestige names to carry them through.

Many, like Alfa Romeo, BMW and Lancia, have proud motor racing backgrounds. Others like Audi, Peugeot and Volvo have relied on their quality reputations—and a fair amount of image-building advertising.

Scrutiny

Citroen's reputation was earned by a radical design philosophy that gave it a clean sheet of paper when creating each new model. To what degree this autonomy can remain within the Peugeot fold is the subject of close scrutiny whenever a new model appears: is it a Citroen, or is it a Peugeot? The new Visa is an amalgam.

All of these will be joined soon by one of the most respected makers in the world, Daimler-Benz, whose small W170 is now well advanced. It will add a new dimension to the luxury medium car market.

The most notable absentees are the British and Japanese. BL's Triumph Dolomite should fall into this category. What it is, though, is a well appointed saloon with old world charm (the advanced engine of the Sprint apart).

And the Japanese, while making a name for themselves as purveyors of worthy and reliable cars for the mass market, have so far not won a prestige tag. The ones that will in time are Honda (through its engineering excellence and motor cycle racing history) and Mitsubishi (Colt), solidly made by a company with an aircraft building background.

All these quality mass producers have models in the small and medium luxury sector, most costing below the old company car tax threshold of £5,000. The sporting Italians, Alfa Romeo and Lancia, have coupes as well as saloons, but others rely on saloon derivatives. Just what they have that distinguishes them from the rest is difficult to say—in some cases it is nothing more than a badge.

The other volume makers tackle the problem of living without a name in three ways: they produce more distinctive and stylish bodies on existing saloon car components, they give those saloons all possible extras; or they make them go faster. Significantly, most are priced somewhere between £4,000 and the £5,000 that embraces the image makers.

Ford has been at the forefront of all approaches. In the coupe class in Britain, there

CONTINUED ON NEXT PAGE

Growing demand for conversions

UP TO the last war Rolls-Royce built only chassis on which specialists like Mulliners and Park Ward mounted their own handbuilt coachwork and fitted the cars out according to customers' wishes. But with the disappearance of separate chassis in favour of integral bodies so as to meet the production needs of rapidly expanding markets, followed in the 1960s by increasingly severe safety standards, the ranks of the specialists were decimated.

Testing a model to destruction to comply with national and international legislation was altogether too expensive, while the high skills demanded by the work were too often accompanied by wages which proved uneconomically high during downturns in the market. As expressions of British craftsmanship the [illegible] superb. But they were not suitable in many overseas markets—especially [illegible] market.

The names of [illegible] companies and [illegible] which have either [illegible] amalgamated or [illegible] by the volume car [illegible] have just [illegible] reads like a roll-call of Britain's motor industry in [illegible]. They include [illegible] acquired by Rolls-Royce in 1939, and H. J. Mulliner [illegible] were brought together [illegible] the Cornmarket [illegible] surely one of the [illegible] coach builders, a subsidiary of Jack Barclay; H. R. Owen, which produced a few [illegible] based on the Jaguar [illegible]; Thrupp and Maberley, which used to build the Sunbeam Talbot and [illegible] the Rootes group's [illegible].

More recently [illegible] have become attached [illegible] volume car builders [illegible] top of the market [illegible] BL with its own [illegible] Vanden Plas and Ford its range of Ghias.

Nowadays conversions follow two main paths. There is a small number of specialists making conversions to standard models and an even smaller number reconditioning old models. Either way they have been experiencing a growing demand from people and companies wanting a more individualistic stamp to their [illegible] most costly investment after a home or a better [illegible]. Business seems to be holding up well despite the energy crisis —and not just because the oil-rich Middle East territories are among the best export markets.

One of the simplest conversions is to install a sunshine roof. This is a factory option with most car makers, who either do the work at the factory or sub-contract it. There are no fewer than 45 models available in the UK that can be fitted with a sun roof in the factory at prices running from just over £100 to more than £200 depending on whether it is [illegible] glass, steel or fabric, the way it is installed, and whether manually or electrically operated.

Endure

One of the biggest installers in Europe is Britax Weathershield, an offshoot of BSG International, which is also sole distributor for the Cortina soft-top conversion by Crayford, one of the enduring names in the business. The redesigned basic structure of the Cortina 1.6 or 2-litre meets the EEC regulations. A similar conversion of the Mercedes 280 CE called the St. Tropez, which was introduced at last year's motor show at the National Exhibition Centre, has also proved popular with the fresh air brigade. BSG is the worldwide distributor and a promising export is building up for the armed forces here and abroad, especially in Germany, and through the personal export scheme.

The ubiquitous Mini has attracted a number of converters. Among the best known is Wood and Pickett, which numbers Hayley Mills and the Beatles among its clientele. Starting as coach trimmers the company branched into whole car work, starting with the Ford GT 40 which won Le Mans four times.

The Mini was an obvious target, and though demand for specials has sometimes languished it remains strong even though the model is in its 20th year. "I suppose we generally have seven or eight Minis in various states of dress going through the works at any one time," Eddie Collins, managing director, surmised from his office in a new and bigger factory.

"The [illegible] still a favourite with pop groups and [illegible] for use as a mobile office [illegible] London and other cities. They are bought by [illegible] to [illegible] with [illegible] schemes and [illegible] —including [illegible] hand-made [illegible] picked out in real gold.

[illegible] reasons. They are bought mainly by companies and busy professional people who tend to equip their cars with telephones and other business aids. Of the 120 or so Minis a year Wood and Pickett handle about 100 fall roughly into the business special category and the remaining 20 are highly elaborate models combining most of the 120 [illegible] and other options.

The business fraternity is also the mainstay of another burgeoning company, Mallalieu Engineering, which specialises in rebuilding Bentley Mark VI and R types. The Mark VIs were in their day one of the preferred limousines for company bosses and top professional men. Time and the weather have taken their toll of the steel bodies, then far less protected from corrosion, and while most of the mechanical parts can be restored to working order, rebodying is necessary.

Like others, Mallalieu started because of a genuine affection for a handsome piece of machinery, and while there is an obvious limit to this market, it will be there for some years yet. Some 5,200 Mark VIs were built between 1946 and 1952, and 2,320 R types between then and 1955. About half of them are still knocking about somewhere. Their condition before being worked on is immaterial, since each vehicle is stripped *down to the last nut and washer* before being painstakingly rebuilt with new components where necessary.

In general the bodywork is too far gone to be reclaimed, and in these instances Mallalieu rebodies them in aluminium either as two-seaters or 2x2s, both open tourers. In the rare cases where the original body can be saved, Mallalieu will restore the original saloon. They are known as Mallalieu cars. In the four years or so since the enterprise really got under way the company has come to employ 25 and is making about two cars a month, and plans to exceed 30 next year. Three out of four vehicles are exported, with America and Australia good customers and the first of three for Japan now being prepared.

An entirely different sector of the market is the main preserve of Coleman Milne, which converts Ford Granadas into suitable vehicles for Lord Mayors, hire companies and funeral directors. For the seven-seater Grosvenors and Dorchesters, the interior and transmission of a Granada is removed and 31in of extra platform and body inserted to create the additional room. The inserts are made by Coleman Milne in special jigs. After welding the vehicle is trimmed and equipped for the particular purpose required.

Dorchesters (and Cardinals for the hearses) are widely used by funeral directors. Hire car companies also tend to favour the Dorchester, while the Minster, a five-seater with bulkhead, is frequently equipped as a mobile office for busy company chairmen and chief executives.

Production—in the early days one every six weeks—has built up to eight or nine a week, with annual output currently running at around 100 Cardinal hearses, 230 Dorchesters and 50 Minsters. An expanding export business is being developed for the Dorchester, especially to Malaysia and other Eastern territories.

But the doyen of them all is Mulliner Park Ward, which will convert a standard Rolls-Royce into just what the customer requires, whether shooting brake, armour plated limousine for a head of state, or mobile lounge or office. All this costs money, in both capital and running costs, but there seems to be no lack of customers—even at today's petrol prices. The assumption here, of course, is that if you can afford a specialist car you can afford to run it.

Peter Cartwright

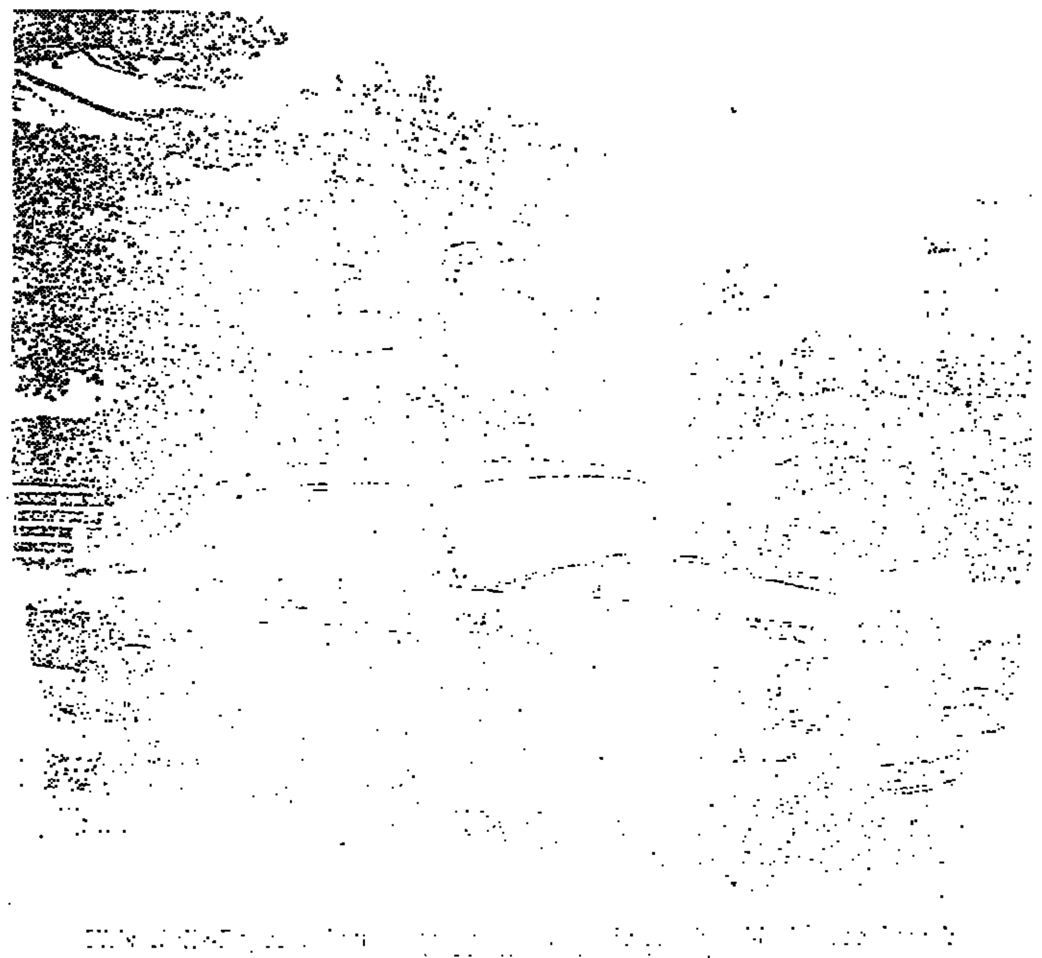


Image CONTINUED FROM PREVIOUS PAGE

was first the Capri, a model based on the Cortina but with looks that gave it a sports car appeal.

The approach—pioneered in the United States with the Mustang—has been followed by most serious competitors including General Motors (Vauxhall and Opel), Renault, Volkswagen, Toyota, Datsun and Mitsubishi.

The beauty for the maker and retailer is that a coupe can attract a premium price while a saloon cannot. Thus an Opel Manta Berlinetta costs £600 more than the more mundane-looking (but essentially similar) Ascona.

Ford's second approach has been equally successful—and it has not been followed with the same effectiveness by its rivals. The Ghia of Turin styling house label first appeared on a Ford in 1974, and has been applied to all models since. Fords, which were once household runabouts, suddenly acquired new prestige by the simple addition of luxurious extra equipment and the oval Ghia logo. Even at the bottom end of the range, with the Escort and Fiesta, the take-up rate is still 5.4 per cent and 9.9 per cent. (At the opposite end of the scale, Granada Ghias account for nearly 20 per cent.)

Other makers have followed. But while their GLS, SR or HL appellations mean they are every bit as well equipped as the Ghias, they have never had the same impact. Indeed, the advent of the Ghias and the inroads made by the Japanese with their gadget-ridden vehicles had a beneficial influence across the range. Most cars are now very much better equipped, although some from Germany remain a bit Spartan inside.

Influence

The curious thing is that the lesson *has not been learned by* some other makers. BL Cars, for instance, owns the world-famous Vanden Plas coachbuilding company. Yet the title has so far been applied to only two models, one of which does not even need it (Daimler) and one of which desperately does (Allegro).

Talbot (formerly Chrysler) may be the first to take advantage of some of the historical names they have acquired over the years, including Humber, Sunbeam and Singer in the UK.

Another variation on the add-on extras theme is the saloon car racer one. Today, the Ford Escort, Vauxhall Chevette, Talbot Sunbeam, Fiat Mirafiori, Opel Kadett, Renault 5 and Volkswagen Golf can be bought in more powerful, wide-wheeled trim.

The cars often have aerodynamic aids that make them look quite different from ordinary saloons and more like the versions that win international rallies and races. The Escort RS, Chevette HS and Mirafiori Sport are perhaps the prime examples.

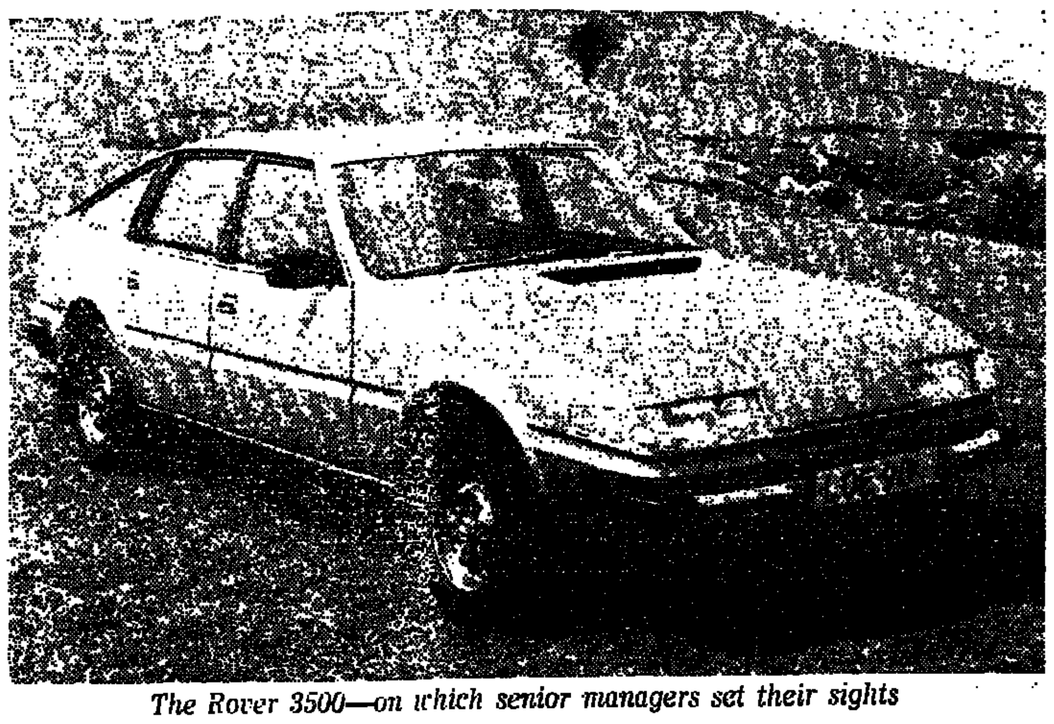
Again, Ford was *among the* most successful modern exponents of this when it had Colin Chapman create the Lotus Cortina in the 1960s. John Cooper, then a builder of World Championship-winning Formula 1 cars, did the same for BMC's Mini. Amédée Gordini—*le Sorcier*—has long been associated with Renault's products.

Today, Lotus has joined forces with Talbot to make a *rally winner of the Sunbeam*, while Vauxhall has sub-contracted some Chevette HS finishing work to Midlands sports car specialists Reliant.

Ironically, these aids to performance may be pointers to the way in which cars will evolve over the next few years. To obtain more speed to win races means (among other things) lightening the vehicle and improving its shape so that it slips through the air more easily. These sporting saloons use lightweight glassfibre panels, air dams and rear spoilers to improve air flow.

Winning also means tuning for more power. It can also be done to improve economy. Renault's use of a comparatively large engine giving lots of pulling power in a small car (the 5GTL) creates one of the most economical cars on the road today.

Richard Feast



The Rover 3500—on which senior managers set their sights

A suitable place for thinking

THE EXECUTIVE car has its own hierarchy. If you are on the first rungs of the management ladder, yours is likely to be a Cortina Chia or a Lancia Beta 2000. Senior managers set their sights on Rover 3500s, Audi 100s, perhaps a Citroën CX2400 or a Peugeot 604. Only the biggest guns can aspire nowadays to a Rolls-Royce Shadow II or even a V12 Vanden Plas Daimler.

Regardless of price range, however, an executive car has to provide a suitable environment in which a manager can think constructively while he drives—or, at the highest levels, is driven. That means it must be quiet and have a really comfortable driving seat. Any 40,000 miles a year man will tell you that if those two requirements are met, nothing else really matters—assuming that reliability can be taken for granted.

By definition an executive car must also be a proper four-seater with four doors because no two-door car of my experience permits dignified entry and exit for rear seat passengers. Power steering and automatic transmission are near-essential items for most executive car buyers. Air conditioning is desirable.

Within those parameters, what is the choice? It is surprisingly wide. Upwards of 80 models now on sale in Britain qualify to be called executive saloons, even if some are strictly speaking hatchbacks.

Alfa Romeo's Giulietta and Alfetta are for the younger buyer. The big V6 saloon due here later this year will have the power steering and automatic transmission the smaller cars lack and will appeal to senior men whose taste is still sporting.

The Audi 100, with its unique five-cylinder engine, combines a roomy interior with the performance one expects of a car with much more than 2.1 litres cylinder capacity. The BMW, with its range of 5-series and 7-series four-door saloons, is another German car with appeal.

Citroëns are one of France's contenders, with their self-levelling ride, speed-related power steering and space-age interior and exterior styling. The fuel-injected GTi is not only the fastest but also the smoothest running of the CX Citroëns. For the energy conservationist (or the man who does not like paying big fuel bills) the CX diesel is a logical choice.

Daimlers (and this goes for Jaguars, too, because they are mechanically identical) have the style of luxury even though they are volume-produced in fair quantities. The recently introduced Mk. III models have a number of small but useful improvements—a larger screen and more rear seat headroom among them. Daimler/Jaguar air conditioning is the best you will find outside a Rolls-Royce.

The smaller American-made cars are not without their attractions and are perhaps at their best on motorways. Cadillac's Seville, laden with electronic gadgetry comes in with right-hand drive at the kind of price you would expect to pay for a Jaguar XJ12. Slightly smaller though very much in the same idiom are two Japanese cars, the Datsun 280C and Toyota Crown 2600.

Ford's entries in the executive stakes are the Granada and Cortina 2300s. The latter shares the Granada's V6 engine but lacks its independent rear suspension. The Granadas, and especially the 2.8 litre models with fuel injection and ultra low profile tyres, are among Europe's best big cars, regardless of price.

Jaguars continue to epitomise everything a good executive car should be. The V12 engine survived the first oil crisis, but will it survive this one? Magnificent machine though it is, it appeared (like Concorde) when there was no longer any real need for it.

Pleasant

Lancia's Beta has an engine similar to the Fiat 132/2000 but not its power steering. It is a pleasant car, though, with a nice five-speed gearbox and more than adequate performance. The bigger Gamma, with a flat four cylinder of 2½ litres capacity, is a roomy car for the money.

The Mercedes range encompasses every level of executive purchase. The 200 just scrapes into the top end of the "junior" class, and the 450 SEL 6.9 is on a par with a Rolls. What is it that makes the Mercedes so appealing? It is not conventional luxury, though all Mercedes are comfortable enough. Rather it is an assurance of top quality engineering, of reliability; and regard for safety.

If you canont afford a BMW or a Mercedes, the Opel Senator is a more than adequate substitute. This 3-litre fuel injected saloon is one of the best cars in its class. The Vauxhall Royale is virtually identical, except that it has a 2.8 litre carburetted engine.

Peugeot's 504 TI, with power steering and fuel injection, is one of the better buys at the moment because its replacement, the 505, has appeared in France. The 505 comes to Britain later this year; the 604, carburetted or fuel injected, is big, quiet and rides as well as a Jaguar. A turbo-diesel version, due here in the autumn, points the way executive cars must go in future.

Renault put the old R16 engine and the newer "co-operative" two-litre and V6 in the same shell to make the R20TL, R20TS and R30TS and TX. This five-door, five-seat hatchback has an excellent ride and the 20TS, with standard power steering, electric windows and centralised locking, is an admirable car. The 30TX, with a five-speed gearbox or automatic transmission, is a high performance version. The Renault 18TS comes similarly equipped though lower down the price scale, and competes with BL Cars' Princess, recently revamped as a Mk II and much the better for it. The Princess, with traditional though stylish interiors, is now fulfilling its early promise.

Rover's SD1 models—the 2300, 2600 and 3500—are ideal executive transport and have been deservedly successful, especially in the past year when supply has been freer than before. The 3500 with five-speed manual gearbox is capable of remarkable economy, given sensitive driving.

The Saab 99 is an executive car with a difference, especially the Turbo version, which exploits the otherwise wasted energy in exhaust gas to boost power when needed. Its top gear acceleration is like that of a car with a three-litre engine; its fuel economy is that of a two-litre.

Volvo's 244 and 264 show little external change from year to year but have improved. The power steering is optional on the four-cylinder cars, standard on the sixes. Automatic transmission is available on them all.

Bentley and Rolls-Royce continue to occupy a special niche in the executive car market. Even today, driving a Rolls-Royce confers privileges as well as responsibilities. When I drive a Rolls I find other road users are always more considerate. A cynic might say the others keep their distance because they think a man in a Rolls is rich enough to make trouble if his car is scratched—and the insurance claim would be heavy. I like to think it is an implied tribute to a British car that may or may not be the best in the world but unquestionably has a higher status than any other.

Stuart Marshall

Diesels still doubted

THE TIME is long past when the only diesel cars were taxis. Britain is a late convert to the idea that they can be a worthwhile and civilised means of transport; it could be argued that our market is still not convinced.

Importers selling diesel cars in Britain find volumes depressingly small, and concentrated mainly in rural areas (which leads to the unworthy thought that farmers are tempted to run them on untaxed tractor fuel).

In most cases, the importers are selling far too few cars to cover their indirect costs, spares stocks and dealer staff-training courses. They regard their efforts as an investment against the time when the diesel car market blossoms.

For a long time, Britain's attitude to the diesel car was influenced by her unique position as the only country in which diesel fuel was significantly more expensive than four-star petrol. This was the result of a piece of budgetary mismanagement which has since been put right: Sir Geoffrey Howe's first budget put 7p on a gallon of petrol, and practically nothing on diesel.

Yet it should not be thought that cost alone has been the factor which has decided the British motorist against the diesel. In West Germany diesel oil and 98-octane petrol cost about the same, yet there are tens of thousands of privately-owned diesel cars on the roads. The German secret is not cost, but Mercedes-Benz.

Mercedes, and Peugeot in France, were for many years the only serious developers of diesel-powered cars in Europe, if not the world. There was always a steady taxi market for them, but the purely private sector grew steadily as people came to appreciate the extra economy of the diesel and to discount its limited performance.

In Germany at least, recognition of the fact that the diesel's exhaust is actually cleaner than that of most petrol engines (less unburned hydrocarbon and carbon monoxide) also played a part. As Mercedes' sales in Germany grew, the other manufacturers in that country drew up their own plans. Opel announced a diesel Rekord; Volkswagen created a sensation with its diesel Golf, followed by a similarly-powered version of the bigger Passat.

Ford, seeing the danger of being left out, bought the Peugeot 2.1-litre diesel engine and installed it in the Granada. Rumour strongly has it that, even sportingly-inclined BMW is working on diesel versions of its cars.

This enthusiasm for diesel-powered cars in Germany contrasts strongly with the situation here in Britain, where not one home-produced diesel car is offered on the market (Ford imports a trickle of Granada diesels from Germany). Have the home manufacturers failed to see any demand, or have they failed to stimulate it?

The evidence of Germany, and indeed of France, is that market and manufacturer interest feed off each other, once the spiral has been set in motion. In Britain, the spiral has yet to be given that first nudge upwards.

We are actually worse off than 20 years ago, when both BMC and Rootes offered diesel versions of their mid-range saloons; yet we still have in Perkins one of the foremost builders of small diesel engines in the world.

Nor is it that Britain does not need more diesel vehicles. We still export a net surplus of diesel oil from our refineries, exchanging it for petrol because our national vehicle fleet is far from the optimum "split" of petrol and diesel from each barrel of crude oil.

Peugeot's 604D is powered by a turbo-charged 2.3 litre diesel engine

Rattle

There may well be a lingering suspicion in the minds of many drivers that diesel cars are noisy, smelly and slow. It is an attitude now several years out of date. The only noise which the manufacturers have failed so far to overcome, it seems, is the characteristic rattle after a cold start. Starting and stopping the engine is now done entirely with the "ignition" key.

Cold starting involves waiting a few seconds for the cylinder glow-plugs to warm up, nothing more. Changes in control systems have made the latest diesel cars much more like petrol cars to drive, with none of the lag which in older cars could lead to jerky progress in the hands of the inexperienced driver.

Performance has improved at least to the point where a basic Mini no longer presents a match: now acceleration is in the same class as, say, the Allegro or Escort 1300, while maximum speed is probably higher.

As for the fuel consumption, there is no denying the superiority of the diesel, though the gap between it and the petrol-engined car tends to diminish during motorway cruising. Even so, at 70 mph there is sufficient advantage in economy to give the diesel car another endearing feature: extreme range. Since most diesel cars have the same capacity fuel tanks as their petrol counterparts, most of them can be relied on to run 400 miles or more between fill-ups.

What of the cars available? Mercedes and Peugeot still head the list in terms of the number of models offered. Even diesel saloons—the 200D, the 240D and the technically fascinating five-cylinder 300D. There is also a 240TD version of its newly-launched T-series estate car. In Germany the Mercedes range is wider, while in the U.S. the company offers the 300D with turbocharging added, boosting the performance to the point where the car is more than capable of holding its own with American-style traffic.

Peugeot's staple diesel has long been the 504D, which was given a new lease of life two years ago when it received a new 2.3-litre engine (freeing the old 2.1-litre unit for Ford's use). Now there are diesel models both above and below the 504.

Recently released in Britain is the 305D, a 1.5-litre medium-sized saloon which will compete strongly with Volkswagen's Golf D. Yet to arrive here is the big 604D, in which the big saloon's 2.7-litre V6 petrol engine is replaced by a turbo-charged 2.3-litre diesel.

This is an interesting application, for it is the first time a turbocharger has been fitted to achieve satisfactory performance with a basically under-powered engine, rather than to seek exceptional performance from an already capable power unit. The turbocharger, familiar enough to many truck drivers, consists of a turbine driven by exhaust gases and in turn driving a compressor in Britain, Mercedes lists three which supercharges the engine.

Appeal

It is an appealing "something for nothing" concept which, in the words of one senior Citroen engineer, "could make the diesel engine the most efficient practical power unit we can foresee in this country."

Citroen itself, now of course Peugeot's partners in the PSA group, makes a diesel version of its big and smoothly aerodynamic CX saloon. With a 2.5-litre engine, and now a five-speed gearbox, the CX has a claimed maximum speed of almost 100 mph combined with very good economy. Both Citroen and Peugeot also offer diesel versions of their big estate cars, the CX and 504 Familiales.

The real sensation of the diesel world in the past three years has been Volkswagen's Golf D, now generally accepted as being the least diesel-feeling diesel yet produced, and capable of bettering 50 mpg in almost any circumstances. Demand for it in the U.S. has been such that production has never really caught up with the market, and the same 1.5-litre engine has now been installed in the bigger Passat.

At the same time, Volkswagen has started supplying six-cylinder diesels to Volvo in Sweden for use in a version of the 244 saloon; Volvo has no current plans to offer this car in Britain.

Opel is content to sell a trickle of Rekord D saloons and estates in Britain. The company recently paralleled Peugeot in raising the capacity of its four-cylinder engine to 2.3-litres in search of better performance.

Other diesel cars not yet seen in Britain include Fiat's versions of the 131 and 132, with four and six cylinders respectively, and the diesels made in Japan by Toyota and Nissan and aimed mainly at taxi service in Japan and the Third World.

Chrysler makes a diesel version of its medium-sized 180 in Spain; and in the U.S. General Motors has embarked on a big development programme for car diesel engines of various sizes.

Almost inevitably, the state of California is now proposing a limit on exhaust "particulate emissions" for 1981 which will all but outlaw the diesel; if it is eventually adopted as federal law (as most Californian emission rules have been) it could not only lay waste General Motors' plans, but also destroy any hope for companies such as Mercedes of reaching the level of economy demanded by the forthcoming CAFE (Corporate Average Fuel Economy) regulations under which all cars sold by a manufacturer in the U.S. must meet an mpg target averaged over the fleet.

While the Americans play cat and mouse with each other in this way many engineers in the rest of the world feel that the diesel engine offers a way of making the best use of our remaining fossil fuel reserves. One hopes that Britain's appearance of masterly inactivity is merely outward, and misleading.

Jeff Daniels

Sports cars built for comfort now

TIME WAS when a sports car meant just one thing—an open-top, 100-mph two-seater with few creature comforts and rock-hard suspension.

There are still a few around like that even now. The unchanging Morgan is the epitome of the way it used to be, and the little Malvern company is doing good business producing sports cars just as it has for decades.

Even though Morgan has some modern imitators, the fact is that sports cars, in the purist sense, are fading. Those Triumph TR2s, Austin-Healeys and MGAs, with minimal road-holding and brakes, have thankfully gone.

Again, while the ancient MGB seems to go on for ever, the MG Midget is expected to disappear soon. That leaves "soft" cars like the Triumph TR7 and Spitfire, which are no faster than many modern saloons. They are regarded as soft because they are not the he-men's cars that sports cars once were. They are better weather-proofed, have more equipment, ride more comfortably and are definitely not as twitchy to drive.

Nowadays, most people regard anything low and slinky as a sports car. But as Mr. Bobby Bell, of Surrey sports car specialists Bell and Colvill, explains: "A sports car is really a two-seater. Now you might say that a Lotus is a sports car, Lotus would disagree. What they are making are touring and GT cars."

The traditional sports car concept is changing because of financial pressures and safety legislation largely emanating from that great consumer country the U.S. It is such a vital export market for companies as diverse as Japan's Nissan, BL's Jaguar Rover Triumph and Germany's Porsche that what happens there has echoes all around the world.

There, the demand is for more miles per gallon, fewer exhaust emissions and more passive safety features. It was American safety regulations which caused Porsche to develop, at enormous cost, their Targa-type roll-over bar, for instance.

The Ferrari 512BB

It is also for a softer and more luxurious approach to car design, even if they are sports cars or GTs. Ferrari now offers automatic transmission (a General Motors unit) on one of its models—something that would have been untinkable a few years ago.

The result is that the demand for something distinctive is now also being met by makers who were not previously in the market with cars that are (very good) coupe versions of saloons. Even today, with more or less blanket speed limits, these cars are as fast as their predecessors. Furthermore, their superior road holding and braking make them a lot safer.

Government-type approval requires a great deal of money. A big manufacturer can spread the costs across large sales, but for a low volume maker it imposes an even greater price burden. Hence they become even more expensive in relation to the mass-produced models of their rivals.

If the small maker cannot effectively compete at the cheaper end of the market, it is only natural that he will move up-market, where pricing is less critical. To do that, the car must have all the gadgets like electrically operated window lifts, power steering and air conditioning.

Outcome

A typical illustration is the Jaguar XJS. While production began soon after the end of the Jaguar E-type, it was not a replacement as such. It had so much luxury trim that it represented a complete change of direction.

The overall outcome is that a modern performance car has to be aimed at as large an audience as possible. That means more mass production and all the marketing tricks that turn the ordinary-looking saloon into a "sports" car.

At the same time, safety, emission and consumption nooses begin to tighten around the older types of car. Morgans have long gone from the shores of the U.S., though the demand elsewhere does not seem to have abated. Companies like Aston Martin, Ferrari and Maserati cannot possibly meet the proposed American CAFE fuel consumption requirements with their existing cars.

There will always be a demand for these hand-built cars, of course, but they are not immune to the broader trends.

British sports cars made by Jaguar Rover Triumph are the market leaders at the lower end. Their offerings comprise the TR7, Spitfire, MGB and MG Midget. They, and their predecessors, have dominated the market for years. None costs more than £5,000, which means they have been many young people's introduction to cheap open air motoring. The TR7, it is true, is a closed car, but a drophead has been introduced in the U.S. and will eventually find its way to Britain once the appetite over there has been assuaged.

British dominance is only really threatened by the Italians, who have a passion for fast cars. Perhaps the most serious challenger is the relatively recent Fiat X1/9. It is a mid-engined car styled by Bertone to look like a mini-Ferrari—in itself a Fiat company—and, say the enthusiasts, is the car the TR7 should have been.

Then there is a wide range of coupe and spyder (open) versions of the Lancia Beta and GT version of the Alfa Romeo Alfasud and Alfetta. Other contenders must be the Volkswagen Scirocco and Honda Prelude. But all have so much more accommodation than their nearest equivalents, the traditional MGB and relatively new TR7, that many do not regard them as sports cars.

There is only a smattering of GT cars up to the 10,000 mark. They embrace specialist low output products like TVR and Reliant as well as the highest selling sports car in the world, the Datsun 280ZX. They are shortly to be joined by the Mazda RX7. It is the car in which Toyo Kogyo have pinned all their rotary engine faith, all other car makes having abandoned the Wankel.

Equally, the market embraces coupe versions of saloons like the Ford Capri V6, Opel Monza/Vauxhall Royale and Lancia Gamma. Should it not also include the Saab Turbo? It may be saloon in shape, but it has a performance to match many a sports and GT car.

Above this price, only two patterns emerge. One is exemplified by the ostentatious semi-racing projectiles as seen in the AC, and some Lotus, Ferrari, Maserati and Porsche models. In a similar category are Panther's Jaguar and Bugatti replicas.

The other is the conservative, restrained styling of companies like Daimler-Benz, BMW and for certain Ferraris and Maseratis. Which of these one chooses says a great deal about the type of person one is.

Certainly there is so little pattern to pricing that one wonders whether makers are simply trying to establish what the market will stand. Prices appears to be infinitely less critical, even over a broad range, to the owner of a small private company—a typical owner here—than to the bobble hat brigade in the lower price scale.

Makers with famous names seem to show few worries about the prospects of tighter fuel supplies. "I don't want to create a false optimism about sales, but we see no abatement in demand. Our modest six cars a week will be bought for as far ahead as we can see," explains Aston Martin managing director Mr. Alan Curtis.

A picture of optimism exists in the garage trade too. There is no real sign of a slackening in demand for expensive luxury cars so far. Where the difficulty may emerge is with the trade-in vehicle. The second-hand market is drying up quickly, and few traders are buying for stock. It can only depress trade-in prices, and that may ultimately affect new sales.

Richard Feast

هكذا من الأصل

Big demand for four-wheel-drive vehicles

THE UK market for four-wheel-drive cars had never been so bouyant or so competitive as in the first five months of this year. Then came the oil supply crisis to complicate the position more than somewhat.

A good illustration of the situation at the end of May can be gained by the performance of Land Rover, the BL offshoot which dominates the British market in this sector. The group had never sold so many Land-Rovers and Range Rovers in Britain in such a short time—yet its market share had dropped to the lowest ever point.

Demand had been stimulated in two ways: the appalling weather and road conditions early this year and the fact that newcomers to the market were going out and selling aggressively.

Perhaps the most aggressive has been TKM Vehicle Services (UK) a subsidiary of Tozer Kemsley and Millbourn (Holdings), the international finance and trading group. This company began UK marketing of Daihatsu four-wheel-drive vehicles from Japan and Jeeps from the U.S. late in 1977. The idea is that between them the smaller Daihatsus and the big Jeeps provide a complete range of go-anywhere vehicles.

In the first full year of operation TKM captured 15 per cent of the market and this year hopes to push this up to 20 per cent to take its turnover from £10m to around £15m. TKM Vehicle Services provides one way for the parent group to keep a firm foothold in the car market after it loses the BMW franchise next year when the West German car group will take over its own distribution in Britain.

Supplies of Daihatsus are restrained by the Japanese manufacturers' policy of taking a "prudent" view of the UK market and not disturbing it too much by sending in too many vehicles.

The same constraint applies to the importer of the Subaru four-wheeled-drive cars. The importer, Subaru UK, hoped to import and sell 4,000 cars in the first full year of operation—1978—but this was cut back drastically and just over 1,500 were registered. Ambitious dealer network plans were revised so that the company restricted the number to around 50. However, in the first half-year of 1979 Subaru sold 1,652, more than in the whole of 1978.

Subaru UK is owned by Britcar, which also owns the rump of the former Jensen company, called Jensen Parts and Service. The idea is that the Subaru business can be built up as the Jensen operations are progressively run down.

There have been four further new arrivals on the UK four-wheel drive scene this year.

One is a Portuguese company which lost its Land-Rover franchise in 1973 and is now manufacturing a direct rival called the Portaro Pampas. It is produced by Sociada Electromechanica de Automotives (SEMAL) and marketed in Britain by Land Car Concessionaires, a new company specially set up for the purpose. Some 25 distributors have been appointed. They expect to sell around 750 vehicles in the UK this year.

Competition

Many of the mechanical parts for the Pampas are supplied from Romania and by coincidence the supplier, ARO, has also found a direct outlet in the UK this year via Tudor Vehicle Imports. Both the Pampas and the ARO Ranger compete directly with the Land-Rover. Tudor Imports expects to be able to sell 3,250 a year of its Romanian four-wheel-drive vehicles. Tudor hopes to have around 65 dealers by the end of 1979.

The third newcomer is another Japanese concern — Suzuki. This company is better known for its motor cycles but it is now offering two versions of a four-wheel-drive vehicle, smaller than the Land-Rover, in the UK. At the same time the UK marketing company introduced a light van and a pick-up truck and it reckons that it will sell about 1,500 in total this year "and we expect the allocation from Japan to remain small for some years to come."

The company, Suzuki (GB) Cars is ultimately owned by Mr. Gerald Ronson's Heron Corporation through its Heron-Suzuki subsidiary, the motor cycle importer. Heron-Suzuki sells about 40,000 to 50,000 motor cycles a year, giving it a 20 per cent market share and a £30m annual turnover, thus providing a useful base for the developing cars and commercials business.

Then the Lada Niva from the USSR eventually went on sale in the UK in the spring, in right-hand-drive version only but once again the importer was complaining that he could not get enough to satisfy demand.

The Niva is an original Russian design and comes out of the plant at Togliatti where the Fiat-inspired Ladas originate. The importer is Satra Motors, *a subsidiary of an American* concern, and Satra says it will sell about 2,000 Nivas in the UK this year—pre-publicity before the British launch meant that a considerable number of orders had been placed before the vehicles actually arrived.

All this activity has been stimulated by the fact that BL's Land-Rover offshoot has been leaving the market short of four-wheel-drive vehicles—and, as they say, nature abhores a vacuum.

Mr. Christopher Tennant, managing director of TKM Vehicle Services (UK), the Jeep and Daihatsu importer, believes that nobody can tell how big the UK market for four-wheel-drive vehicles really is because demand has never been met.

In the peak year, 1973, some 17,000 four-wheel-drive vehicles were registered, all of them from BL. BL accounted for 6,500 of the 7,500 vehicles sold last year.

Mr. Eric Sykes, managing director of Tudor Vehicle Imports, suggests that the market could jump to around 11,000 in 1979 (it was on target at just under 5,000 at the end of May) yet Land-Rover is unlikely to increase substantially the number of Land-Rovers and Range Rovers it makes available in the home market.

Certainly BL is now moving swiftly to increase four-wheel-drive output. Some £280m is going towards doubling production of Land-Rovers and Range Rovers to 75,000 and 24,000 a year respectively. But this programme will not be completed until 1982. And BL surely want to keep the export content at the current 80 per cent level.

So far most of the imported competition has aimed at the Land-Rover sector of the market. Next year the Range Rover's rival seems likely to turn up in the UK by courtesy of Mercedes. Full production of the four-wheel-drive "G" (for Gelaendewagen) range, developed at the cost of £27m by Daimler-Benz (Mercedes) and Steyr-Daimler-Puch of Austria began earlier this year and marketing began in Continental Europe in June. Output will be a relatively modest 9,000 in the first year and then 11,000 a year.

The question which will not be answered for some months is what impact the steep rise in fuel prices will have on the four-wheel-drive market.

At the executive end of the sector, in particular, the vehicles are not exactly frugal users of fuel, while at the same time are bought by people who are not particularly concerned about the cross-country capability four-wheel-drive implies. For example, it is estimated that Range Rover owners spend only one-tenth of their driving time off the road. A typical comment came from the man who said: "The only time the average Range Rover leaves the road is to drive on to the grass at a point-to-point."

Significantly, however, TKM Vehicle Services has not revised downward its estimates about the number of Jeeps it can sell in 1979 and is sticking to an earlier forecast of 1,280.

K.G.

The Bristol 412 convertible saloon: the upper structure comes in summer and winter forms, for open air use or with a rigid roof

The lure of the exotic

JUST READING the specification of a limited edition car—if that is not too vulgar a phrase to describe these elegant and powerful pieces of machinery—makes some people drool. It is so easy to imagine oneself, insouciance, slipping behind the steering wheel, turning the ignition key and blasting off into a world where other people's most frequent view of you is a vanishing rear number plate.

Sometimes, it has been whispered, not even wives and girlfriends inspire so much attention, though unlike those attached to rugger and cricket fanatics they are unlikely ever to become grass widows. Indeed, women are increasingly helping the male to choose the car of his desires—and not just to head off a choice between the two.

The purveyor of this information is Mr. Alan Curtis, managing director of Aston Martin Lagonda, who more than most other executives in his class seems to keep his eyes on the statistics. Aston Martin makes four models: the Vantage, a two-door V8 saloon and it's higher performance version; the Volante, a new convertible version of the saloon; and the Lagonda, of which one a week is being made.

He gave me a profile of the average buyer of an Aston Martin. "He is aged 45-55, with two children, runs his own business, finds a Rolls too ostentatious, a Ferrari too flamboyant, and buys an Aston because it is conservatively British and all that's contained in the best meaning of the word."

Interest

And the Lagonda? "Well, with all of the models we have noticed in the last 18 months that wives are taking a much more active interest in the purchase. It's no longer a men-only situation. And a growing percentage of girls in their 20s and 30s are buying Astons—those who are doing well at acting, modelling, all the professions, you could say." All the professions? . . . "Well, definitely I would include advertising and PR" said Mr. Curtis.

The Lagonda is one of the most recent expressions of the British art, though now it is minus a troublesome micro-processor which used to return the driver's seat to its original attitude, tell the average fuel *consumption and so on.* The price is nearly £40,000 but if you can get hold of one it is possible to sell it at nearly double this. Most are going to ruling families in the Middle East, so it's hard to compete.

Another British marque in the same idiom is the Bristol, which grew out of the Bristol Aeroplane Company and reflects the strong influence of its chairman, Mr. Anthony Crook, who was both a pilot and a racing driver. It is one of a declining breed that employ a separate steel chassis and aluminium alloy panelling. It has a high performance six-litre engine, and it is a particular claim that either of the two models produced will suit itself to the mood and needs of the driver, whether hurrying or just drifting through the countryside. The 603/S2 is a saloon and the 412/S2 a convertible in the true sense, since the upper structure can be changed for summer and winter to provide open air or rigid roof use.

Of course the daddy of them all is the Rolls-Royce. This car is too big to be unobtrusive, yet it carries the dignified aura of Heads of State and the world of diplomacy. Mind you, at the other end of the scale, far away from the Kensington embassies, Rolls are to be seen parked in such purlieus as the tangled metal or the yard of a scrap merchant—as evidence that he has made the score.

In the Rolls-Royce range the Silver Shadow II at around £35,000 is run-of-the-mill stuff compared with what can be done by their craftsmen. Never mind the walnut or maple cappings, the Wilton carpeting and fine silk trappings, with telephone, radio, TV, everything as ordered, and costing up to £75,000. What about a Phantom VI, of which no two are the same and only about 20 a year made. This is the kind of mobile office-cum-fortress that Heads of State are apt to choose. The armour-plated variety costs nearly £200,000.

This is a world where manufacturers vie with each other in coining descriptive figures and words to set their vehicles apart and trigger the imagination and the financial taste buds —the Porsche 928 (A), the Jaguar XJS. "Turbo", "GT". Get into a Porsche Turbo 3.3 litre, put your foot down on the accelerator, and any lingering doubts as to what turbo means will be speedily removed.

Names can be even more evocative, like the Maserati Khamsin, the De Tomaso Pantera GTS, Lamborghini and Lotus. Some of these have been evolved through racing and occupy a special niche in the hierarchy of exotica, with British Lotus very much there. Those who move in these circles do not have to identify the *manufacturer—Esprit, Kyalami,* 450 SLC is enough. Esoteric world it may be but it pays off in hard cash.

Lotus is an outstanding case in point, and British to boot. In the first six months of this year it notched up 460 registrations, as many as in the whole of 1977. Of the 460, some 150 were mid-engined top of the range Esprits, and the remainder were executive-type cars of which a majority were bought by companies or professional people. This reflects in part the sharp growth in leasing.

Recently Lotus acquired a U.S. operation and is busily building up four distributors into a national organisation. It plans to improve on its current 40 per cent shipments of total production to professional men and individual executives.

One thing is clear—the demand for individuality has seldom been stronger. The waiting lists for Rolls and Mercedes, for Porsches and Maseratis, Lotuses and Bristols are ample evidence of that.

Peter Cartwright

Riding in comfort...

NODDY DOGS, Huggy Bear car seat covers and furry dice do not appear to figure in the accessories to be enjoyed by the Mayor of the London Borough of Brent in her new £38,500 Daimler. But her tours of duty will be made the smoother with a cocktail cabinet, colour TV, writing desks and air conditioning. It seems a little surprising that there are no curtains, since the car is said to have been originally ordered by an Arab. Presumably electrically operated windows, an in-car entertainment system plus other small comforts come as standard.

A Rolls-Royce, of course, comes fully equipped but the company will meet a customer's particular request—if it is possible. At Jack Barclay it is not unknown for a refrigerator to be ordered, possibly silk furnishings or initials or a monogram to a door. An anti-theft alarm fitted to a mascot would cost about £130.

Further down the executive scale, the range of accessories includes powered glass, pop-up and soft top roofs, wheels, trim, steering wheel covers, radios and cassettes and many smaller items. Cartrend's Huggy Bear—luxurious fur fabric — seat covers sell around 500,000 a year and the company has predicted a 45 per cent increase over 1978.

Concerned

Some of the latest figures on this fragmented market were produced at a seminar sponsored by the Society of Motor Manufacturers and Traders and the magazine Auto Accessory Retailer. David Willan, of Industrial Market Research, in his look at the UK "automotive after-market" in 1978 estimated that Britain's motorists spent £817m on replacement parts, accessories, maintenance and repair equipment for fitting and using on their own vehicles. "A more detailed breakdown revealed that as many as 66 per cent of all owners actually lifted the bonnet to perform some type of repair work, with a further 17 per cent involved only in buying accessories and car care products." The total figure represents £65.44p per head.

In the development of this rapidly growing market "an increasing number of motorists have become concerned with embellishing and adding accessories to their vehicles as well as spending more time cleaning them and making them more presentable." The practice of "customising" cars seems to be increasingly popular with young men, and the range of goods has risen in tune with demand. New products include car deodorants, strip and upholstery cleaners—all launched in the last few years.

IMR reckons that replacement parts bought by DIY motorists in 1978 amounted to £450m, with sales of accessories reaching £222m and representing 27.2 per cent of the market, the other sectors being maintenance and repair equipment at £93m and car care products at £52m.

Among accessories electrical items and in-car entertainment are reckoned to account for 42.8 per cent of the market and £95m in value terms. Radios, tape players, combined units and fog and spot lights top the list. "Comfort and vanity" items represented £75m or 33.8 per cent of the total. Here the leaders are seat covers, road wheels and car seats.

In retail distribution terms the accessory shops are the most important source for the DIY men—£262m or 32 per cent of the market. The greater share is held by the independent shops—£139m—with the other £124m going to chain or multiple stores. Sales through garage stores are estimated at £243m, with parts shops, mail order, department stores and supermarkets mopping up the rest. Accessory shops, reasonably enough, seem to have most of the sales of accessories—£78m. Mail order sales are said to be primarily of in-car entertainment equipment. Car care products are also mainly sold through accessory shops—to the tune of £20m.

The "aftermarket" customer has an increasing choice of where to shop. Motor accessory shops (independent and multiple) have doubled in numbers in the last seven years and now total around 4,100, but they are under pressure from other outlets. There are 9,500 new vehicle dealers, of whom some 50 per cent have an accessory shop. Among the 11,500 motor repair garages, 5,100 have a shop, and of course the 60 per cent of petrol stations which have shops offer a very wide range. Department stores, supermarkets and hypermarkets account for some 14 per cent of car care product sales, an area which they are expanding.

Cash and carry outfits have made a considerable impact on the aftermarket—in 1977 it was estimated that they accounted for 25 per cent-30 per cent of the DIY trade. Major customers at these outlets are multiples (20 per cent), hypermarkets and superstores (12 per cent) and service stations and garages (8 per cent).

Giants

The supermarket giants are moving in on the accessories side at quite a rate. International Stores sells a restricted range. Presto Discount Stores has sections in all the branches in the first phase of its expansion programme and it has plans for opening up in the southern counties. House of Holland, something of a newcomer to auto accessory retailing, now has 84 branches, and the Debenham Group has opened a new accessory department at its Croydon store. Asda Stores is to have a large department at Chelmsford, and Halfords is to have a branch in the first phase of the central shopping centre in Milton Keynes.

Smiths Industries reckons to be the market leader in powered windows with its Servoglide. But the company says it has no idea of what the value of the total market must be. Engagingly it adds that it thinks that when people have tried them once they become the sort of products that you can't think how you managed without them before. Powered roofs sell at about 85,000 units a year, to a value of some £9m.

The trade beefed away about last year's Motor Show, for it felt that the layout resulted in components and accessories being in a "corridor" which led to the commercial vehicles. For the 1980 show cars are to be spread around more and accessories and components will be interspersed. In addition there is to be a new 15,000 sq m hall for accessories and garage equipment.

From the highest-fi to the sensational bonnet stripes, screen printed murals of samurai or space stations and self-adhesive "instant" car and club badges, the manufacturers try to offer the motorists everything they might want—or might not. Like furry dice?

Pamela Judge

The interior of the Queen's Rolls-Royce Phantom VI, including stereo radio and cassette deck and controllable air conditioning

...and keeping in touch

THE USE of car telephones has been growing sharply in recent years, as the manufacturers of mobile communications equipment successfully plug the line that greater use of two-way radios in cars, vans and trucks holds out significant prospects of energy savings.

The point is a simple one: messages relayed from a central point can cut out the need for return journeys, and can enable transport managers to re-route the vehicles in their fleet as new orders come in. The net result is a gain in efficiency and a saving in petrol.

In the luxury car market, part of the same point remains apposite. Luxury cars are frequently used by executives, who may well lose time in not being in constant touch with the office. However, at the luxury end of the car telephone market, equally important marketing strategies are the ability to conduct business in the course of a journey (especially in chauffeur driven cars) and the convenience of remaining on call for urgent messages.

These factors—together with the more indefinable one of keeping up with the next manager—are likely to be more persuasive in the future. So what kind of service can the car-caller expect from his car telephone?

In the UK the answer is that he can expect an improved one. Last year, the Post Office liberalised its restrictions on mobile communications. Before last June, all messages to and from mobile stations had to be relayed back and forth by operators: direct communication was out. Since June 1978, companies who are issued with a licence can provide a service which allows the mobile caller to talk direct to another station.

The Post Office is happy with this liberalisation, saying that it had wanted to operate it for some time but was held back by the Home Office, which had been worried that the system would overload the already overloaded airways. It appears that the Government is willing to give the new system a chance.

This means that the operators—like Aircall, Selective Audio Messages and others—can now switch their customers straight into the public network, allowing them to hold direct, two-way conversations with any other subscriber.

The liberalisation was in part achieved by intensive lobbying on the part of the operators over some years. They formed an association largely for the purpose—the National Association of Radio Communications Services—and convinced the authorities of their case. However, the regulatory change came as the Post Office itself was reassessing its marketing strategy, and was an early product of that reassessment.

In brief, the Post Office had decided, partly under the influence of new top management appointed a little less than two years ago, that it was both in its own and its customers' interests to attempt to provide the widest possible range of the most modern services possible as soon as it could. It has not been wholly successful, nor has it completed the structural reforms it set out to do. But the liberalisation of mobile communications is an earnest of its intent.

Subsidiary

In the UK, the major manufacturer of mobile communications equipment remains Pye of Cambridge, a subsidiary of the Dutch multi-national, Philips. The company dominates the European market too, and claims to hold third place in the world. Like the Post Office, it sees strong growth in car radios.

Storno, a Dutch company (but ultimately held by the giant U.S. company General Electric) is probably next largest, particularly competitive in commercial vehicles' radios. Marconi, a British General Electric Company (GEC) subsidiary, has recently renamed its mobile radio division Marconi Radio and given it considerable autonomy: it is marketing a system which can be unhooked from the car and transported. It has received large orders from Aircall, and recently became an approved supplier to the Post Office.

Largest supplier in the world is Motorola, the U.S. communications company, which is also a leader in the adjacent field of electronics (especially micro-electronics). It recently established a manufacturing base in the UK—in Basingstoke—and has rapidly gained a claimed 10 per cent of the UK market. With its well-established worldwide strength the company will provide fierce competition to the established companies.

Other, smaller companies, many of whom are recent entrants to what is seen as a growth market both in the public utilities sector and in the private market, are Dymar, Nolton Communications, Redifon and Bird Audio. Yet another is Burndept, which attracted some possibly unwelcome publicity when 51 per cent of its equity was bought by the National Enterprise Board late last year for a £510,000 cash injection aimed at helping the company over a number of problems which drained its reserves. Its specific complaint appears to have been over-reliance on fixed price contracts with public utilities at a time of rapid inflation.

The largest problem in the car radio market is thus no longer the regulations, which have been liberalised, nor the suppliers, which appear plentiful, nor the operators, which—when the Post Office is included—provide a virtually national service, but the airwaves, which are limited. Indeed, in London, where demand is by far the highest, they are near to exhaustion.

The Home Office, which has surveyed the market, reckons that present bandwidths will be sufficient to the year 1985, but that after that year, between 70 MHz and 90 MHz will be required, to accommodate increased demand not only in mobile car telephones, but in radio paging and other message handling services as well. There is, as the Post Office points out, a certain amount that can be done without extra frequency allocations: for example, the 25 MHz spacing between channels can be reduced to 12.5 MHz, which while not quite having the effect of allowing the doubling of the number of channels, does allow an appreciable increase. But in the end, as everyone agrees, extra bandwidths will have to be found from somewhere.

The forum for these deliberations is the World Administrative Radio Conference, which will convene in Geneva later this year. There, the demands of a number of countries—and others, particularly the U.S., are also suffering from band starvation—will it is hoped be sorted out. There, the needs of advanced industrial countries will jostle with the more modest (but equally as urgently felt) plans of developing countries, many of whom are in the early stages of building up radio and television services, all of which have their claims on the spectrum.

At this point, it seems likely that space may be found by shuffling television off the bands it now occupies, although there are naturally objections from television interests on the proposed restructuring. However, it seems that a solution can be found, and that the growing market can continue to be served.

John Lloyd

Second-half lift for Arlington

WITH second-half profits rising from £476,000 to £597,000, the taxable surplus of Arlington Motor Holdings increased 15 per cent to a record £1.32m in the year to March 31, 1979, compared with £1.15m previously. Turnover of the motor dealer was well ahead at £50.52m, against £43.1m.

At midway, profits were up from £671,000 to £720,000, and the directors expected that the full-year outturn would be satisfactory.

They now say all group activities have shown an improvement and the results stem largely from the company's policy of modernising and developing existing businesses.

The company is budgeting for a profit increase in the current year and is ahead of forecast after two months. However, the impact of the Budget and fuel supply problems cannot yet be determined, they add.

The net total dividend is raised 14.9 per cent from 7.83p to 9p, with a 6.5p final. Stated earnings per 25p share are higher at 27.6p (24.5p).

Comparisons have been restated to reflect new accounting treatment of bringing in only a share of profit of the 51 per cent owned subsidiary, Arlington Motor Finance.

● comment

These may be salad days for Arlington Motors. Commercial vehicle sales remained buoyant in the first quarter of this financial year so, with trucks and vans still accounting for around 60 per cent of vehicle turnover, the group has been able to withstand stagnation in the used car market and the flattening of car hire business. With the share price of 105p supporting a yield of 13 per cent, the stated p/e of 3.6 looks a shade humble. Fully-taxed, however, the figure is 6.4 and medium term prospects are not so bright, with truck demand likely to tail off towards the end of the year. Nor is the balancesheet in impressive shape. The £725,000 purchase of Northampton Car Auctions has been charged to stock financing, while loans and overdrafts have risen to £4.2m from £2.3m. The group has not consolidated Arlington Motor Finance, where the interest payable figure has risen from £113,000 to £403,000. The company says the balance-sheet position improved considerably in the first quarter of the current year.

GEI ahead in first quarter

IN THE first quarter of 1979/80 *sales of GEI International, a* specialist engineering group, were 9 per cent ahead and profits were also higher.

Speaking at yesterday's AGM Mr. Thomas Kenny, chairman, reported that orders received showed an increase of 15 per cent *and outstanding orders* were up by 22 per cent.

The *chairman* said that his "sights are well set on aiming *for the tenth successive year of* record profits, provided the moaners in the City are proved wrong."

Mr. Kenny *said* that it seemed to him that "many persons in the City plus self appointed economic forecasters and quasi business *federations are busy* talking the country into a recession." He deplored this negative thinking.

The group's cash balances continued to improve. In the last five years *£9m* had been *spent* on new fixed assets without depleting cash resources. Expenditure this year was expected to be £2m making £11m over a six-year period.

Brengreen expects growth: further acquisitions

A FURTHER rise in profits is forecast for Brengreen (Holdings), cleaning and maintenance group, for 1979-80, by Mr. David Evans, *the chairman. The* company, formerly Empress Services (Holdings), also proposes to raise its borrowing limit to £6m *on existing capital.*

Meanwhile it has acquired two private painting, decorating and building maintenance businesses, known as Rowe Decorations (London) and Rowe Decorations of Kensington. The deal involves the purchase of fixed assets for some £40,000, but the principal assets are the benefits of several contracts for which the consideration will be a maximum of £120,000 based on twice pre-tax profits for the current. Present turnover approaches £1m.

Payment will be made over the next three years either in cash or 25 per cent cash and the balance in Brengren shares.

For the year to March 31, 1979, Brengreen showed taxable profit of *£265,000 (£30,000) following* the reverse takeover of Exclusive Cleaning (Holdings) and Brengreen (Holdings) in December. The net dividend is 0.25p, as reported July 4.

At year-end bank overdraft was £572,000 (£173,000) and loans amounted to £363,000 (£18,000). The change in the borrowing limit is for it to be raised from three to five times paid-up capital.

Mr. Evans says that the rationalisation of the enlarged group is almost complete and the results for the coming year should reflect this progress. Part of the changes include the transfer of the operating subsidiaries to a holding company to be called Exclusive Cleaning Group.

The existing management services company has been expanded to provide facilities for customers as well as inhouse. As *part of the developing financial* services provided by Brengreen a plant and vehicle leasing subsidiary is to be set up, the chair*man adds.*

Meeting, Great Eastern Hotel, EC, on August 20 at 11 am.

Howard Machinery rises £208,000 at six months

INCLUDING a reduced loss from associates of £42,000 against £118,000, Howard Machinery, farm equipment group, turned in much higher taxable profits of £359,000 for the half year ended April 30, 1979 compared with a previous £151,000.

Sales went ahead from £34.67m to £38.98m.

Profits for the 1977-78 year recovered from £1.5m to £2.28m—a record £4.6m was achieved in 1973-74.

The net interim dividend is increased from 0.55p to 0.58p per 25p share, last year's final being 0.57p.

There is no tax charge at the six months stage. The attributable balance came out at £484,000 (£96,000) after crediting minority losses of £125,000 (£55,000 debit).

● comment

Howard Machinery has been suffering from the chronic malaise in worldwide demand for agricultural machinery which has plagued manufacturers since the mid-1970s. Pre-tax profits have more than doubled for the six month period to April, but this is not necessarily because of the upturn in sales, which amounted to 12.4 per cent. Rather, the increase in profits reflects a reduction in wage costs and a reorganisation of *production. Howard* closed its Ipswich and Washington New Town factories last year, laying off over 600 workers and slimming its entire operation. The company is still in a recovery phase, but cannot be very pleased with its cash flow. Thus, the interim dividend has been maintained at the gross level *having been cut in 1978. The* yield stands at 6 per cent on a share price of 29p. Profits will probably be marginally higher at *£2.4m indicating a* prospective p/e of roughly 7.1. Howard has done well to reduce its wage expenditure amid lagging sales, but the real problem is that it is difficult to forecast how international demand for agricultural machinery will look over the next twelve months. If the current dearth of demand continues, this could be worrying for Howard.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—Albion, Bank Leumi (UK), City and Foreign Investment, Concord Rotaflex, Foreign and Colonial Investment Trust, Gillett Brothers Discount, Y. J. Lovell, M. Mole, Moorside Trust, *Northern Industrial Improvement Trust*, TACE.

Finals—Braithwaite, Crossfriars Trust, Harold Ingram, Stanhope General Investment, Stock Conversion and *Investment Trust, Wyndham* Engineering.

FUTURE DATES

Interim—

Grindlays Holdings .... July 31

Finals—

Bristol Evening Post .... Aug. 7

Jacksons Bourne End .... July 27

Longton Transport .... Aug. 9

Phoenix Timber .... Aug. 3

Symonds Engineering .... July 26

Ladies Pride ahead

FOR *the six months ended* May 31 1979 the directors of Ladies Pride Outerwear report an advance in pre-tax profits *from £451,197 to £507,544 on* turnover of £3.79m against £3.15m.

Profits for the whole of the previous year reached a record £1m (£982,000) and the directors were optimistic that the company would continue to progress in performance and profits.

First *half* earnings are shown as 3.6p (3.19p) per 20p share and the net interim dividend is effectively raised to 1.4p *(0.7917p)*

The directors state that given reasonable trading conditions they intend to maintain the same increase in the final payment.

Tax for the period took £264,000 (£235,580) leaving a net profit of £243,544 (£215,617).

Rosgill on target with £1.13m and pays 2.31p

IN LINE with the midway forecast of not less than £1m, Rosgill Holdings turned in taxable profits of £1.13m in the year to May 26, 1979, compared with £315,077 last time. In the previous two years, there were losses totalling £717,000.

Following the return to interims in January, a final of 1.56p in now recommended, making 2.31p. No payments had been made in the previous three years.

At midway, the surplus was 256 per cent higher at £720,000 (£202,000).

The directors of this clothing distributor now say they are cautiously optimistic for the current year, budgeting further improvements in turnover and profit.

Turnover for the year rose from £16.2m to £22.87m. Tax took £94,545—there was no charge last time. Stated earnings per 5p share are well up at *10.8p (3.3p).*

● comment

Rosgill had already forecast something *over £1m pre-tax for* the year so there were few surprises in the recovery to 1973 profit levels. After a long period *of unsuccessful diversification,* the group is now sticking to its original last and the benefits of higher consumer spending, faster stock turn, increased sales staff and better cash collection come through to a 41 per cent turnover improvement, in which the volume increase was probably worth around 25 per cent. The shares climbed 1p yesterday to 35p where the fully taxed historic p/e is 6.3 and the restored net dividend yields 9.9 per cent. That looks fair enough but the outlook for the retail clothing trade this year is shrouded by many uncertainties and the group would probably admit that, after so many self-inflicted wounds, three or four years of solid earnings growth are needed before investment credibility is fully restored. There should be more to come from the Dutch operation this time after a year which absorbed heavy movement and recruitment costs but, for the cautious, there are probably equal or better returns elsewhere at less risk.

Sharp rise at Crescent Japan

Revenue of Crescent Japan Investment Trust rose sharply *from £92,129 to £217,643 for the* first half of 1979 subject to tax of £113,174, against £47,907.

Earnings per 50p share are shown as 1.667p compared with 0.706p. There is no dividend payment—none have yet been paid.

Holders of 468,338 ordinary shares subscription warrants exercised their rights on June 30, 1979, resulting in an issue of 468,338 shares at 100p per share. The net asset value, at 176.4p (234.3p) has been adjusted for this.

Good first half for Cadbury SA

For the 24 weeks ended 16 June, 1979, Cadbury Schweppes (SA) has increased its *turnover* by 15.6 per cent to R13.1m, and its profit before tax by 50 per cent to R527,000. Earnings rose from 8.1 cents to 11.6 cents and the interim dividend is stepped up from 4 cents to 5 cents.

Profits are cyclical, with the bulk being earned in the second half. This year the higher fuel, packaging and materials prices will have a heavy impact on costs, but unless trading conditions deteriorate, second half earnings should at least equal the 1978 figure of 27.2 cents.

The company is the 66 per cent-owned South African subsidiary of Cadbury Schweppes. Helped by this year's longer and hotter summer, real profit increases came from the soft drinks division. On the confectionary side, profits were also higher, though this was largely the effect of a timing difference in expenditure which will be absorbed in the second half.

MINING NEWS

Anglo American set for another good year

BY KENNETH MARSTON, MINING EDITOR

AN AIR of confidence pervades the 70-page annual report of the giant **Anglo American Corporation of South Africa** mining, finance and industrial group. It looks back on a year—to March 31—when earnings climbed to a record R202m, equal to 90.2 cents (46.8p) per share, while the net asset value rose to 1,357 cents (704p) per share.

The Anglo group mines last year produced over 37 per cent of South Africa's gold, or 27 per cent of non-Communist world output. And the strength of the bullion price resulted in gold beating diamonds to become the group's largest contributor to investment income in the year to March 31. The market value of the portfolio at that date was R3.38bn (£1.76bn).

Gold provided 37 per cent of the total investment income compared with 30 per cent in the previous 15-month period. Diamonds contributed 28 per cent, industrial interests 17 per cent, finance 7 per cent and coal 6 per cent. Although the group's copper mines accounted for 12 per cent of world production of the metal, copper provided only 1 per cent of the group's investment income.

On the exploration side, Anglo has nearly completed its investigation of a small secondary uranium deposit in Namibia (South West Africa) and will be taking a decision as to its viability next year. Further exploration is being done at other secondary uranium prospects in the country in the hope of proving a viable tonnage.

A preliminary feasibility study is to be made towards the end of this year at the Namosi low grade porphyry copper prospect in Fiji. The joint venture partners are **Australian Anglo American**, **Conzinc Riotinto of Australia**, **Preussag** and **Amax**.

An echo from the past is contained in the news that the drilling programme has been completed at the Erfdeel block, north of Free State Saaiplaas. A substantial tonnage of marginal grade gold ore has been indicated

Back in 1949 a borehole put down on the Erfdeel farm by Free State Gold Areas assayed a phenomenal 56,106 inch-dwts. Alas, the phenomenon was explained by a simple case of "salting" (fraudulently adding gold to the ore samples before assay) and subsequent deflections of the borehole ED5 gave values of around only 200 inch-dwts.

● comment

Mining finance houses generally can be said to be in a long-term uptrend despite the current softening in base-metal prices after their recovery from depression levels. If Anglo's weakness is an over-exposure to South African political uncertainties, its strength is in its diversification of income sources, firm management and strong finances. Thus earnings from gold continue to advance while the market for diamonds has cooled and those of base-metals are uncertain. Industrial interests seem fairly well placed and the South African economy is in better shape than many others in the world. Anglo's profits should thus continue on a rising curve in the current year. At 333p the shares give a reasonable yield of just over 7 per cent for a company of this calibre.

Asarco seeing good recovery

ASARCO, one of the major U.S. base metals groups, yesterday emphasised the trend towards higher 1979 earnings in the North American industry with the announcement of a striking increase in second quarter profits.

In the three months to June net profits were $68.37m (£29.7m) against a lowly $2.2m in the same period of 1978, bringing income for the first half of the year to $105.7m, a dramatic turnround from a 1978 first half loss of $8.9m.

The group's performance has been paralleled by **Vestgron Mines**, the Greenland zinc-lead producer controlled by Cominco of Canada, whose first half net profits were C$14.6m (£5.45m), including C$13.7m from the June quarter, compared with a 1978 first half deficit of C$758,000.

Vestgron attributed its return to profits to higher shipments of zinc concentrates and the marked improvement of European metal markets. Whether Vestgron's second half trading will be so successful is open to doubt. All prices have declined on the London Metal Exchange since the end of June.

But Mr. Charles Barber, the Asarco chairman, remains confident. "The outlook for the balance of 1979 is good," he said.

Partly this is because the group's facilities are working well, but, Mr. Barber contended, "The outlook for metal markets, particularly for copper, lead and silver, remains firm, notwithstanding the apparent weakening in the U.S. economy."

● **Kaiser Resources**, the biggest of the Canadian coal producers, boosted second quarter net earnings by 38 per cent to C$16.9m (£6.3m) from C$12.2m in the same period of 1978. Metallurgical coal shipments were at a record 1.58m tons, 37 per cent higher than in the comparable period as steel production increased and competitors in Australia were hit by strikes.

● **United Asbestos**, the Ontario and Quebec producer, had net income in the year to June of C$6.8m (£2.5m), slightly down on the C$7.1m earned in 1977-78.

Nervous SA gold shares market

Despite renewed firmness in the bullion price which closed $1.25 up at $305¼ per ounce—after having been above $307 for the first time ever—South African gold shares were a nervous market yesterday. The Gold Mines index fell 2.5 to 161.8 and in ex-premium price form it was 1.0 down at 151.7.

Although the sharemarket in non-premium dollar prices has outpaced the rise in the gold price this year—the respective increases being 53 per cent and 35 per cent—shares have made a disappointing performance in recent times while gold has moved up to new peaks.

The bullion price is less dependent on physical demand than are prices of shares because the dollar price of the metal tends to be adjusted upwards to a large extent against the falling value of the dollar. Share prices need buying to sustain them and buyers have been put off by a general feeling that the bullion price is due for a reaction after its strong rise.

Taking a view that a setback in gold would be mirrored by a sharper movement in the more volatile sharemarket buyers have been holding off. Ironically, perhaps the best tonic for the jaded sharemarket would be a sharp temporary reaction in the bullion price.

he subsequent recovery might well stimulate a fresh demand for shares which, even at their current levels, are offering temptingly high yields while dividends and earnings continue to rise.

Liberia set to expand iron ore output

THE Liberian Government is optimistic that a major expansion of its iron ore industry will be agreed by the end of the year with a Japanese consortium led by Kawasaki Steel, a senior Government official said, reports **Mark Webster from Monrovia**.

The project at Wologisi in Lofa County would require an initial investment of around $500m (£217m) and would produce around 7m tonnes of fines of which Japan would absorb 4.5m a year.

An answer is expected from the Japanese consortium in October, and if the agreement is signed, building work would start six months later and the plant would come on stream within four or five years, the official said.

The scheme has been under discussion ever since 1970 but the original idea of investing $2bn in a pelletising plant was dropped in 1973 when world prices for iron ore fell.

A second big expansion is being considered by the largest existing mining company, the Granges-Liberian-Bethlehem Steel joint venture company, **Lamco**. Their present mine at Nimba is expected to be exhausted during the next decade and they are looking for alternative supplies, the official said.

Lamco is expected to decide by the end of the year whether to reopen the nearby Tokadeh mine which started in January, 1973 but closed again shortly after because of falling prices.

Tokadeh has proven reserves of 70m tonnes of soft ore with an FE content of 55.7 per cent, medium ore reserves of 23m tonnes and 66m tonnes of hard ore.

Two other projects are also being looked at by the Government, one at Putu and another at Bie Mountain. Putu is considered marginal but the Government is canvassing hard to find a developer for Bie where costs should be less than at Wologisi.

Iron ore is extremely important to Liberia, accounting for 56 per cent of export receipts and 43 per cent of GDP. The world's fourth largest producer, Liberia was mining 23m tonnes a year until world prices fell. Last year it increased exports by 17.8 per cent. But what is worrying the Government is that, with rapidly rising fuel costs, their marginal iron ore deposits will no longer be commercial.

Bellambi in trouble

A POOR AUGURY for the financial fortunes of New South Wales south coast coal miners came yesterday when **Bellambi Coal** reported a $A2.87m (£1.4m) pre-tax deficit for the year to June 30, reports **John Rogers from Sydney**.

There is no final dividend, so the greatly reduced interim of 10 cents (4.9p) becomes the company's only payout. Last year total payments were 40 cents on profits of $A4.92m.

The main shareholder to suffer will be **Consolidated Gold Fields of Australia**, which holds 68 per cent of the capital.

Bellambi registered credits of $A2.25m during the year because *of investment allowances and* trading stock adjustments. If these are included in the result, the deficit is pared down to $A621,000.

The directors gave several reasons for Bellambi's disappointing performance, which failed to justify their earlier predictions that there would be an improvement in the second half after a small interim loss.

The reasons included increased costs and reduced washery recovery, continued imposition of the federal coal export duty, stoppages, breakdowns and shipping congestion at Port Kembla, and reduced saleable coal production because of prolonged strike action by maritime workers at Port Kembla.

The Congestion at the Port Kembla loader led to the cancellation of sales valued at more than $A6m in the last quarter of the year.

WESTERN MINING AT BENAMBRA

Further encouraging results are announced by Australia's **Western Mining** from drilling at its prospects near Benambra in Victoria. At the original Wilga prospect a 9 metre section of shallow hole No. 29, running from 54.9m to 63.9m, has assayed a good 6.8 per cent copper with a low 0.6 per cent zinc and 32 grammes per tonne silver.

Nearby at the more recently discovered Currawong prospect hole No. 27 failed to find mineralisation. But hole No. 34, 100 metres to the east, cut 16.9m of mineralisation, from 137.2m to 154.1m, and assayed 1 per cent copper, 0.6 per cent lead, 2.8 per cent zinc and 36 grammes silver.

At the company's 75 per cent-owned Yeelirrie uranium project in Western Australia preparations have started for the construction of a metallurgical research plant near Kalgoorlie for testing the ore.

Whitbread optimistic as beer sales increase

MORE BEER is being sold by **Whitbread and Co.** than last year and based on trade in the first four months of the current year the brewing group is hoping for a reasonable result for the first six months.

Speaking at the AGM yesterday Mr. Charles Tidbury, the chairman, reminded holders that since the year end the group had endured bad weather, changes in VAT, disruptions at the Luton plant and a £5m loss in profit due to the Price Commission.

Despite all this the group was selling more beer than last year and achieving more than its share of the available trade. "We shall therefore do our . . . best to catch up on our original profit plan for the current year," declared the chairman.

Whitbread does not intend to cut back on any of its capital commitments, which are extensive, particularly at the trading end. Expenditure is being increased to develop the Free Trade and there is a wide-ranging programme of pub building and improving, and developing the catering operations.

Mr. Tidbury reported that the lager market continued to grow with Heineken and Stella Artois performing well. The recent introduction of Kaltenberg and Heldenbrau had been well received by the trade.

Marked progress had also been made in the ale sector headed by Trophy bitter and helped by the buoyancy of local brands, Fremlins Tusker, Pompey Royal and Welsh Bitter.

On group developments the chairman said that Chiswell Street had gone well and the first block was topped out last week. It was hoped to top out the second block in about a year.

New scheme from Scottish Equitable

A new pension scheme for executives has been launched by the Scottish Equitable Life Assurance Society aimed at providing the advantages of a privately invested scheme with the security offered under a life company scheme.

Under Exselfund, the company has to invest at least 50 per cent of the assets of the pension fund with Scottish Equitable under an Exsel policy. But the remaining 50 per cent can be invested in accordance with the terms of the trust deed, which includes lending back to the parent company.

This is the main benefit provided by self administration and is in line with the requirements of the Superannuation Funds Office of the Inland Revenue.

The services provided by Scottish Equitable under Exselfund include the provision of actuarial reports and other actuarial advice, pensioner trustee services, full documentation and the insurance of death-in-service benefits and the provision of any annuities required. The company does not, however, offer managing trustee services.

The scheme provides the usual range of executive pension and other benefits providing flexibility. The benefits can be protected against inflation by checking that the final salary figure is in line with prices. Pensions can be funded to increase at an agreed rate.

BIDS AND DEALS

Bestobell rejects BTR and forecasts over £6m

Bestobell has produced a forecast of sharply higher profits for 1979 in a strongly worded document to shareholders setting out its reasons for continued rejection of BTR's £26m bid, worth 200p a share.

"Acceptance would be a cheap sell-out to BTR," the company say. Mr. Sandy Marshall, the former P and O managing director who is now the Bestobell chairman, predicts in the document that 1979 pre-tax profits will be "not less than 30 per cent higher than those for 1978."

Based on last year's figure of £4.82m, this will produce a total this year of more than £6.3m. The board is also proposing to pay a total dividend of 11p on the ordinary shares, up from last year's 9.52p. This will be more than adequately covered, despite the likelihood of a higher corporation tax charge in 1979, Bestobell says.

"BTR undoubtedly sees Bestobell as offering a cheap growth step," Mr. Marshall adds in the document. He says the bid came just as the present redirection of Bestobell was resulting in resumed growth and higher profits. Increased investment has led to a rise in UK trading profits of 29 per cent a year since 1976, with domestic profits on a strongly rising trend.

As a result, he notes, the decline over the same period in the share of trading profits from Africa from 21 per cent to 12 per cent of the group total has been more than offset.

This year's profit improvement will be broadly based both geographically and industrially.

Describing the bid as "opportunistic" one, Bestobell say it sees no commercial advantages for itself in the offer. BTR can add nothing to its manufacturing businesses and there will be little benefit from economies of scale.

In the higher technology end, BTR has no comparable expertise. Bestobell's international merchanting network, which last year accounted for 32 per cent of its sales, is "obviously a prime target for BTR."

In short, Mr. Marshall concludes, "the financial terms of BTR's offer are unattractive and the commercial merit negligible." Both Bestobell's directors and its merchant bankers, Kleinwort Benson, firmly recommend rejection.

See Lex

ICFC FUNDS FOR PLASTICS CONCERN

Industrial and Commercial Finance Corporation has provided start-up funds of £60,000 for three directors who have set up their own plastics company, Delta Polythene, in Flint, Clwyd.

The company is already in operation on the Manor Farm Estate in Flint, extruding polythene film. The film is then converted into polythene bags on which is printed the name of the product and details of its weight, contents and price.

The ICFC funds take the form of a secured loan and a subscription for 25 per cent of the company's equity.

Property and Reversionary raises £7.77m

By Andrew Taylor

Property and Reversionary Investment Corporation has raised £7.77m through the sale *of its 18.2 per cent stake in* Property Holding and Investment Trust.

Property and Reversionary says that it will use part of the cash to fund future developments.

A spokesman for the company said that the shares had been placed with a *wide number of* institutions at 359½p a share. In the market Property Holdings shares closed 3p lower at 367p.

In the year to March 31, 1979 Property Holding earned pre-tax profits of £2.24m compared with £2m the previous year. According to the last accounts Pearl Assurance has a 15.3 per cent stake in the company and Prudential Assurance a 5.8 per cent stake.

London Trust buys 6.3% of Britannia Arrow

BY JAMES BARTHOLOMEW

London Trust, which invests in small companies, has bought a 6.3 per cent stake in Britannia Arrow Holdings, formerly Slater Walker Securities.

Britannia itself has bought a 5.14 per cent stake in West of England Trust, which owns the Tyndall group of unit trusts.

Both London Trust and Britannia say that their respective purchases are to be held as investments, a statement normally intended to indicate that a takeover bid is not on the cards.

London Trust's 4.75m shares in Britannia are worth £926,250 at Britannia's current price of 19½p per share, while Britannia's 825,000 shares in West of England are worth £470,250 after the West of England shares rose 1½p to 57p yesterday.

London Trust had net assets of £70m in the last balance sheet. It prides itself on its entrepreneurial philosophy, has an established policy of buying significant minority stakes in small companies. Three large institutions own 24 per cent of London Trust.

Britannia yesterday welcomed the London Trust stake. The investment trust had expressed confidence in the management of Britannia at a private meeting a week ago, said Mr. David White, secretary of Britannia. He was glad that the shares had gone to a friendly holder. London had told Britainnia that it might increase its stake to around 10 per cent if more shares came on the market.

On Britannia's ambitions regarding its purchase of the West of England stake, Mr. White said there was no present intention to bid. But Britannia was looking around for a company to buy. It might pick up several stakes before deciding what to acquire completely, he said.

SHARE STAKES

Associated Biscuit Manufacturers: W. A. Palmer and R. J. Palmer, directors, as trustees with Sir John Witt, have disposed of 82,883 shares.

Western Board Mills: Mr. H. H. Vogel, chairman, sold 150,000 shares from his beneficial holding on July 20 and 23.

Mariing Industries: Mr. Peter E. J. Held, director, has sold 60,000 shares.

FMC: NFU Development Trust has bought 10,000 shares making holding 7,411,373 shares.

Geevor Tin Mines: Including shares taken up in respect of rights allocated on its existing shareholding, Union Corporation Group has acquired a further 127,460 ordinary. The total interest of the group is now 489,760 ordinary (16.47 per cent).

Boustead: A. Charton, chairman, has acquired a further 90,000 shares and now has a beneficial interest in 290,000 shares.

Record profit by Wheeler's

RECORD PROFITS and an effective increase in dividend are announced by Wheeler's Restaurants for the year ended March 31, 1979.

	Year 1978-79 £	1977-78 £
Turnover	6,050,361	5,200,114
Trading profit	754,691	641,330
Assocd. company	12,869	†428
Profit before tax	767,560	640,902
Tax	311,683	319,518
Net profit	456,877	321,384
Minorities	8,217	4,337
Attributable	447,660	317,047
Dividends	88,200	63,700
Retained	359,460	253,347

† Loss.

Pre-tax profits increased from £640,902 to £767,560 on turnover of £6m compared with £5.2m and the directors are recommending a final dividend of 4.33p to make 5.88p, against equal to 4.25p previously. Earnings per share are shown as 29.84p against 21.14p.

First-half profits had risen from £317,260 to £493,860 but the Board had warned of a decline in growth in the second six months. Nevertheless an increase in full-year results was expected.

Mr. Bernard Walsh, chairman, now tells shareholders that the current strength of sterling is likely to have an adverse effect on trade which, coupled with rising costs will lead to a substantial reduction in profits in the current year.

But the Board is confident that any setback will be temporary and fully expects to maintain at least the new rate of dividend.

CERAMICS SA HAS 15% STAKE IN ARMITAGE SHANKS

Lebanese industrial and trading interests, acting through their Panamanian company **Ceramics Holdings SA**, now have a 15.14 per cent stake in **Armitage Shanks Group**, following the latest purchase of 565,000 shares to bring the total to 3.17m.

Ceramics began building up its interest after the 8.3 per cent stake in Armitage, previously held by Glynwed, came onto the market last August. The Ceramics purchases have been made by the Zurich-based Arab Bank.

Mr. John Round, a director of Armitage, the bathroom fittings concern, said the holding was viewed purely as an investment. The Lebanese group operates in similar sectors to Armitage and is interested in the UK company as a trade investment, said Mr. Keith Hamer, a director of MEA Investment Company in London, which represents Ceramics.

The latter had no intention of making a *bid* and would probably not raise its holding much more. Mr. Hamer added. "There's nothing aggressive about it."

Tough start trims hopes at Staveley Industries

DETERIORATING trends in the foundry products and abrasive group have made the directors of Staveley Industries take an even more cautious view of the company prospects for 1979-80, Sir Harry Moore, the chairman, told the annual meeting.

However, the Board, which had already warned of an appreciably *lower first half profits*, still hoped for an increase in sales and profits for the year.

Sir Harry stated that, as a whole, there was now a better chance than before of the mineral products group not only reaching but probably exceeding last year's record results. Prospects and developments in other products areas were roughly in line with previous expectations, he said.

The first quarter had been more difficult for Staveley than the directors had envisaged and the economy generally had not shown any signs of recovery. This had affected the company, particularly in foundry products and abrasives where the situation had been aggravated by the continuing hardening in the price of scrap.

A reappraisal had become necessary of both this division's management organisation and business strategy. Some doubt had also been created as to whether its profits will start recovering this year, Sir Harry explained.

In other divisions the benefits of certain recent investments which might have shown themselves during the first six months would not come through until later in 1979-80, he said.

DRILLING TOOLS IN MERGER TALKS

Drilling Tools North Sea, which specialises in the rental of drilling equipment mainly in the North Sea, is in discussions with a third party which could lead to an offer for the group.

The talks may lead to an offer being made for all the A and *publicly held B ordinary shares.*

The group said yesterday that if the discussions are successful "it is expected that the offer would be at a level considerably above the price for the B shares at which most recent transactions have taken place, namely £4 per share."

POM STAKE IN AMAL. ESTATES UP TO 9.25%

Property and Office Management, owned and controlled by Mr. Frank Phillips, has acquired a further 500,000 Ordinary shares in **Amalgamated Estates**, of which Mr. Phillips is a director. This brings its holding up to 1.5m shares, or 9.25 per cent. The latest shares were purchased from Dawhurst Properties, which now has less than 5 per cent of the ordinary capital.

Profit increase at Sheffield Refreshment

From increased turnover of £1.33m against £1.15m, profits before tax of **Sheffield Refreshment Houses** improved from £180,263 to £219,857 in the year ended March 31, 1979.

Tax takes £106,426 (£73,295) leaving earnings per share at 6.35p compared with 5.99p. The net dividend is 1.62p, *lifting* the year's total from a single 1.826p to 2.29p.

Profits in the first six months had risen from £51,124 to £86,420 and the directors said then that, in the light of the improved results and confidence that there would be a good half, they expected to recommend an increased dividend for the year.

NORTH AMERICAN NEWS

Pan Am forges ahead in National Airlines stakes

BY JOHN WYLES IN NEW YORK

PAN AMERICAN World Airways is consolidating its position as the favourite in the struggle to acquire National Airlines through huge stock purchases which have raised its holding in the Miami-based carrier to 36 per cent.

On Monday, Pan Am spent some $45.3m on 920,000 shares and there were indications yesterday that it might be adding to its holding. In New York there is speculation that Texas International Airlines (TXIA), which owns just over 24 per cent of National's 8.6m shares, may be selling off its holding.

Both TXIA and Pan Am have been told that CAB approval will be forthcoming in the next few weeks for them to press ahead with efforts to acquire National. *In the meantime, they* are free to add to their stock holdings in the company. Before Monday's purchases, Pan Am owned just under 25 per cent of National.

TXIA refused all comment yesterday, but it is thought that the small regional carrier may have decided to liquidate its holding because of last week-end's decision by the Civil Aeronautics Board to veto a merger between Continental Airlines and Western Airlines.

The reasoning is as follows: the grounds for the CAB decision that the merger would unacceptably reduce competition suggest that the third suitor for National, Eastern Airlines, has little prospect of winning CAB approval for its attempt to acquire National.

This means that a bidding contest between Pan Am and Eastern is extremely unlikely which, in turn, means that Pan Am's $50 a share proposal looks unlikely to be increased.

Texas International, which had planned to offer a mix of cash and stock worth $50 per share, does not have the resources to win a bidding contest with Pan Am. Therefore, it is thought possible that the airline may have decided to sell out with the shares trading at around $49.50.

At this price, TXIA could realise a gain of around $43m because it purchased its stock for an average of about $28 per share.

Anderson Clayton makes $202m bid

By Our Financial Staff

ANDERSON, CLAYTON, the Houston-based group whose principal business is food and food-related activities but also has a fast-expanding insurance business, has made a $202m offer for Integon, the Winston Salem insurance group.

Integon said it received an offer from Anderson, Clayton to acquire its outstanding common stock at $32.50 a share cash. Anderson will not proceed with the acquisition unless Integon agrees to accept.

Mr. J. E. Collette, Integon's chairman, said Integon's policy of remaining an independent publicly-held company continues and that it seeks no takeover proposals. But the company recognises its responsibilities to shareholders and others and the offer will be considered.

Mixed fortunes for airlines

BY OUR FINANCIAL STAFF

PAN AM's net earnings for the second quarter of 1979 declined from $46.2m or 36 cents a share to $37.1m or 42 cents a share on revenues up from $53.5m to $607.6m.

Net income for the first half was $28.2m or 38 cents a share against $22.1m or 41 cents, from revenues of $1.1bn compared with $996.7m.

Pan Am said the fuel costs rose by 27 per cent in the quarter. Total operating expenses rose 13.8 per cent, while operating revenues rose 9.8 per cent.

WESTERN AIRLINES reported a jump in net income for the second quarter from $5.41m to $14.01m, or 39 cents to $1.03 a share. But the first-half figure was down from $32.2m or $2.43 a share to $26.67m or $1.96 a share. Second quarter sales revenues moved ahead from $201.9m to $241.3m, while first-half revenues advanced from $394.1m to $451.9m.

EASTERN AIRLINES reported record second quarter earnings of $26.1m which comfortably exceeded the previous high of $24.2m established in the same quarter last year. Per share earnings were 99 cents based on 24.9m outstanding shares compared with $1.15 based on *19.9m shares outstanding.*

Operating revenues increased from $599.9m to $726.2m following an 18 per cent increase in passenger volume.

The airline's six-month profits fell from $43.7m last year to $39.3m.

Dominion Bridge loan

By Robert Gibbens in Montreal

DOMINION BRIDGE, the structural steel and fabricating arm of the Canadian Pacific group, has completed a US$125m financing through its U.S. subsidiary, AMCA International.

The financing is an eight-year revolving credit with five U.S. and two Canadian banks with the interest pegged to the American prime rate. It is understood that at least part of the proceeds will be used for a takeover in the U.S.

In the first half of this year, Dominion Bridge's earnings rose by 34 per cent to US$20m, or from US$1.08 to US$1.83, on sales of US$442m against US$416m last time.

NY Times gain

New York Times Company lifted first-half net income from $15.25m or $1.31 per share to $17.08m or $1.40 per share on revenue of $311.1m against $285.3m and has raised its quarterly dividend from 20 cents to 22½ cents, Reuter reports from New York.

Schlitz in the red

Jos. Schlitz Brewing Company incurred a second quarter loss of $1.16m or 4 cents a share compared with a profit of $10.17m or 35 cents a share and is again passing its quarterly dividend, Reuter reports from New York. The last quarterly dividend was paid in July, 1978. Second quarter sales fell from $271.5m to $261m.

U.S. Filter purchase

U.S. Filter Corporation has reached agreement to acquire Riley Company for $113m or $63 per share, Reuter reports from New York. Of the purchase price, $59m will be cash and $54m in notes. For the nine months ended March 31, Riley had sales of $186m and net income of $6.5m.

UV disposal

UV Industries has agreed to sell its oil and gas properties to Tenneco Oil, a subsidiary of Tenneco, for about $135m, agencies report from New York.

Improved margins at Xerox

BY OUR NEW YORK CORRESPONDENT

A SIGNIFICANT improvement in profit margins was indicated yesterday by Xerox Corporation when it reported record profits and revenues.

The company's margins have been squeezed by about 25 per cent over the past decade and even in the first quarter of this year growth in operating profits did not match growth in revenues.

However, net income in the second quarter rose 20 per cent to $152m or $1.90 per share on a revenue increase of 16 per cent to $1.71bn. This helped carry six month total profits to a 23 per cent increase over last year or $286.6m or $3.56 per share on a 16 per cent revenue increased to $3.28bn.

A major contributory factor in the second quarter performance was a 27.5 per cent increase in sales of copiers and duplicators, supplies and other Xerox products.

A spokesman for the company said yesterday that the first half results were "essentially in line with our plan fo rthe year."

Increased oil prices boost Sohio in second quarter

BY DAVID LASCELLES IN NEW YORK

STANDARD OIL of Ohio, BP's U.S. subsidiary, yesterday reported a 70 per cent increase in earnings for the second quarter, from $118.4m or $1.03 per share to $201.4m or $1.68. Sales rose 37 per cent to $1.82bn.

At the six months stage, earnings totalled $368.9m against $160m, or $3.07 a share compared with $1.51 a year ago. Sales were $3.47bn compared with $2.36bn.

Mr. Alton Whitehouse, the chairman, said that higher prices on a higher volume of Alaskan oil were the main reasons for the sharp rise. Net production from the North Slope averaged 549,100 barrels a day, up 15,500 from the second quarter last year.

Sohio also reported that the throughput of the Alaska pipeline is being raised from its present 1.29m barrels a day to 1.36m by the end of the year and 1.42m by the end of 1980. The improvements are being achieved by raising the mechanical efficiency of the pipeline with more powerful pumps, and not by building on additional capacity.

Sohio also wrote off in the second quarter the $57.3m it had spent preparing for the Pactex pipeline, which it was forced to abandon earlier this year. The pipeline would have piped Alaskan crude from Los Angeles to Texas, but the project was stalled by bureaucratic and environmental delays.

Mr. Whitehouse said that West Coast refineries are now able to use more than half of the company's Prudhoe Bay oil. Increased sales on the West Coast during the second quarter resulted in a 5.1m barrel reduction of inventory, primarily from ships going to the Gulf Coast.

Growth at Indiana Standard

BY OUR FINANCIAL STAFF

STANDARD OIL (Indiana) boosted half-year earnings by 36 per cent from a corresponding $567.7m or 3.88 a share to $750.3m or $5.13 a share on revenues 14 per cent up at $9bn.

Earnings of its overseas petroleum operations rose 47 per *cent to $205m while domestic* petroleum profits increased by 16 per cent to $425.3m.

Overseas exploration and production net went up 2 per cent to $145.1m while downstream overseas operations, reflecting improved margins for refined products, had a profit of $59.9m against a loss of $2.1m in the first half of 1978, which included a $10m charge for the loss of the tanker Amoco Cadiz.

Half-times earnings of Pennzoil soared from $54.34m, equal to $1.57 a share, to $104.19m or $3.08 a share, on revenues up from $712.6m to $926.7m.

Commonwealth Oil and Refining turned in a record net profit of $62.4m for the half-year, compared with a loss of $2.8m for the first six months of 1978. Net per share was $4.11 against a loss of 24 cents. Revenues advanced from $450m to $557m.

Second quarter earnings were also a record at $37.7m or $2.49 a share, against $8.1m or 51 cents a share.

Imperial Oil also had a strong second quarter raising net earnings from C$74m or 57 cents a share to C$108m or 83 cents a share, on revenues of C$1.54bn, against C$1.34bn previously. Six-month earnings were C$1[illegible]m or C$1.51 a share, on revenues of C$3.08bn, compared with C$146m or C$1.12 a share on sales of C$2.63bn in 1978.

Alton Box Board sees recovery

BY ANDREW FISHER

ALTON BOX BOARD, the U.S. company in which one of Ireland's major industrial companies, Jefferson Smurfit, is taking control, expects a sharp earnings recovery this year after the 1978 loss caused by anti-trust suit settlements.

After last year's $1.57m net loss, which compared with 1977 profits of $2.96m—well down on previous years' levels—Alton is forecasting 1979 net income of $4.69m on sales up from $261m to $282m.

Alton's 1978 results were dragged down by the after-tax provision of $3.55m for the proposed settlement of a class action concerning anti-trust violations in the sale of folding cartons.

Certain individual actions also filed against the industry are still outstanding, although Smurfit's chief operations director, Mr. Howard Kilroy, said: "We do not regard this as a serious risk."

The actions will be heard towards the end of this year and their verdict will not be known until early 1980, he added.

Alton also received a $143,500 fine last year in connection with alleged price-fixing of corrugated containers.

The latest Alton profit forecasts are contained in the formal document for the offer by Smurfit to buy just over 24 per cent of the U.S. company's shares at $22 each to give it a 51 per cent controlling stake at a total cost of nearly $26m.

Smurfit earlier purchased 27 per cent of the Alton shares from the Williams Companies of Oklahoma. Early last November, before the announcement of this deal, Alton shares stood at $11, later moving up to more than $17 before dealings were halted last month pending news of the latest offer.

Mr. Kilroy said he did not think Smurfit was paying too much for Alton in view of the recovery potential and a book value of $35 a share.

Acquisition lifts Charter profit

BY OUR FINANCIAL STAFF

CHARTER COMPANY, the oil concern, yesterday reported that results for the second quarter of the year have benefited strongly from the acquisition in May of Carey Energy Corporation. Earnings rocketed from $4.6m to $80.6m, or from 22 cents to $3.31 a share *on revenues of $1.1bn against* $517m.

The company ascribes the increase in both revenues and earnings primarily to Carey to the previously announced crude oil supply contracts with the National Oil company of Libya and the National Oil Company of Iran, and to strong markets for petroleum products both in the U.S. and abroad.

For the first half, earnings have jumped from $7.6m to $80.5m, or from 36 cents to $4, on sales of $1.61bn compared with $923.7m last time.

Charter and its Bahamian subsidiary, Charter Oil Bahamas, have completed a renegotiation of the previously announced agreement with the National Oil Company of Libya, providing for the acquisition by Charter Oil Bahamas of National Oil of Libya's claims against Grand Bahama Petroleum, a former Carey Energy subsidiary.

Charter Oil Bahamas' present contract with National Oil of Libya is effective until at least March, 1980.

Upon acquisition of National Iranian Oil's *entire claim,* Charter Oil Bahamas will enter into a contract with National Iranian Oil for crude oil supply until September, 1980, which will replace the current interim supply agreement with National Iranian Oil.

Further setbacks for dollar Eurobonds

By Francis Ghilès

PRICES of dollar-denominated Eurobonds were marked down sharply yesterday by dealers who are attempting to find a new yield level at which they hope to attract investor interest. At the same time, a $25m convertible for Allegheny Airlines was postponed by the lead manager, Kuhn Loeb Lehmann Brothers, because of the deterioration in market conditions.

The $100m issue fosr Statoil, which was priced at par last week to yield 9.625 per cent, was bid 98 by *the lead manager*, Deutsche Bank on Monday and 97 yesterday. At 97½ this bond yields 10.07 per cent, a 35 basis points increase in yield in less than a week.

The uncertainty surrounding the dollar and the level at which U.S. interest rates will eventually settle is also affecting other sectors of the market. At its monthly meeting, the German Capital Markets Sub-Committee decided on a volume of new foreign DM issues amounting to DM 200m. Westdeutsche Landesbank will bring a borrower to the market later this week, while Dresdner will arrange a DM 100m private placement for Sweden at the end of July.

The small volume of new issues came as a surprise to some bankers. It seems that many borrowers believe that they might be able to raise funds in DM more cheaply if they wait a little longer. Yields have come down on foreign and domestic DM bonds this month, but few bankers believe they will come down much further as they do not foresee a drop in German interest rates. Another fear borrowers express is that the German currency could appreciate strongly again were the U.S. dollar to suffer any sharp fall.

In the secondary market, DM domestic bonds remain more attractive to investors than foreign ones: the reason is that the yield differential between the two types of paper has widened recently to about ¼ of a point on seven or 10-year paper today.

Trading activity remains brisk in the foreign DM sector, however: prices moved up by about ½ point across the board yesterday, with the recent issue for Brazil being quoted at 99½-100. The DM 100m issue for the Asian Development Bank, which was announced earlier this week by Deutsche Bank, has been very well received.

In the Swiss franc sector, prices remain very firm with buying activity prompted more by currency than yield considerations. Indeed, with the annual rate of inflation now running at just above 4 per cent in Switzerland and the coupon on most recent issues standing at 4¼-4½ per cent, the yield available to investors is not all that great.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on July 24

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alcoa of Australia 10 89	60	98	98½	−0¼	−1¼	10.28
Alex Howden XW 9½ 91	30	83	85	—	+0½	12.10
Avco O/S Cap. 10¼ 87	40	97⅛	97⅝	−0⅛	−0⅛	10.75
Bayer Int. F. XW 7¾ 89	200	83¼	83½	−0⅛	−0⅝	10.63
CECA 9¾ 84-99	50	94½	94⅞	−0⅛	−0¼	10.00
CECA 10¾ 91	150	97½	98	−0⅛	−0¼	11.09
Canada 9 83	400	98⅛	98⅜	—	+0⅛	9.69
Canada 9¼ 98	350	97½	98	−0⅛	−0⅜	9.73
Canadian Pacific 9¾ 89	50	97½	98	−0½	−0⅝	10.11
Carter Hawley 9¾ 86	50	96½	97	−0⅛	−0⅞	10.43
Comalco Inv. E. 10¼ 91	40	99¼	99¾	—	−0⅛	10.32
Continental Grp. 9⅝ 86	100	97⅛	97⅝	−0¼	−0¼	10.11
Dome Petroleum 10 94	50	96¼	96¾	−0⅛	−0⅜	10.47
Dominion Bridge 10¼ 84	30	99½	100	—	—	10.30
Dow Chem. O/S 9⅝ 94	200	97¼	97¾	−0⅜	−0⅜	9.94
EIB 9⅝ 86	150	98½	99	−0¼	−0⅞	10.13
EIB 9⅞ 99	100	99⅛	99⅝	—	−0⅜	10.19
EIB 9⅞ 87	150	99¾	100¼	−0⅛	−0⅜	10.11
EIB 10 99	150	99¾	100¼	−0⅛	−0⅜	10.25
Export Dv. Con. 9.85 84	150	100¼	100⅞	+0⅛	−0⅜	9.91
Export Dv. Cpn. 9¾ 84	100	96⅞	97⅜	−0⅛	−0½	10.03
Finland 9½ 86	100	†96¾	97¼	−0¼	−0⅝	10.12
Finland 9⅝ 89	100	97⅞	98⅜	−0⅛	−0⅝	10.17
GTE Finance 9½ 84	50	97	97½	−0⅜	−0⅝	10.25
GTE Finance 9¾ 89	55	95⅛	95⅝	−0½	−0⅜	10.47
General Motors 9¼ 86	100	97⅜	97⅞	−0⅛	−0⅝	9.73
Gould Int. Fin. 9¾ 85	50	97⅞	98⅜	−0½	−0⅜	10.18
Hoechst Fin. XW 6¾ 89	125	79½	80	−0⅛	−0⅞	10.56
Hudson Bay Co. 10 94	50	98⅜	99⅛	−0⅛	−1	10.12
ITT Antilles 9½ 89	75	95¾	96¼	−0⅜	−0⅝	10.15
Kennecott Int. 9½ 86	100	94⅞	95⅜	−0½	−1⅛	10.52
Manitoba 9½ 89	75	96	96½	−0½	−0⅞	10.11
Nat. Des Telecm. 9½ 86	100	97¾	98¼	−0⅛	−0½	9.91
New Brunswick 9¾ 94	75	96	96½	−0½	−0⅝	10.24
Newfoundland 10 94	50	98⅞	99⅜	−0¼	−0½	10.10
Norsk Hydro 9¾ 94	50	94½	95	−0½	−0⅞	9.53
Norway 9¾ 84	150	100	100½	−0⅛	−0¼	9.91
Norway 9½ 84	150	98	98½	−0⅜	−0½	9.96
Nova Scotia Pwr 9¾ 89	50	97¼	97¾	−0⅜	−0⅜	10.15
Occidental Fin. 10¼ 84	50	†99¼	99¾	−0¼	−0¼	10.37
Orient Leasing 9½ 86	25	†95	95½	−0½	−0⅞	10.49
Pennwalt O/S F. 9¾ 84	25	98¼	98¾	−0¼	−0⅛	10.14
Pepsico Cap. 9¼ 84	100	98¼	98¾	—	—	9.64
Portland 10 84	50	†97	97½	−0⅛	−0¼	10.75
Quebec Hydro 10 99	75	95¾	96¼	−0½	−0⅞	10.49
Redland Fin. XW 9½ 91	25	†91½	92½	+0⅜	—	10.72
Sears Roebuck 9 82	150	97⅞	98⅛	−0⅜	−0⅜	9.93
Stockholm 9¾ 94	60	98⅜	98⅞	−0⅜	−1	10.17
Sweden 9¾ 89	100	98⅛	98⅝	−0¼	−0½	10.00
Sweden 9½ 86	200	98	98½	−0½	−0⅜	10.10
Unilever NV 9¼ 87	100	96⅛	96⅝	−0⅛	−0½	9.88
Warner-Lambert 9 84	100	96⅞	97¼	−0¼	−0⅜	9.79

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
American Ex. Int. 5½ 87	70	94	94½	+0⅛	+0⅛	6.47
Argentina 6½ 88	150	89⅛	89⅞	−0⅜	−0⅛	8.15
Argentina 7½ 89	150	94¼	94¾	−0⅛	+0⅛	8.34
Austria 5¾ 90	150	90⅝	91⅛	+0½	+1⅞	6.96
Banco Desarrollo 7¼ 86	100	94½	95¼	+0¼	—	8.27
Barclays O'seas 6¾ 89	100	97¼	98	—	+0⅛	7.09
Bq. Ext. Algerie 7¾ 85	100	95⅞	96⅜	+0¼	+0⅜	8.13
Brazil 7¼ 87	150	96½	96⅞	+0⅛	−0⅛	7.88
CECA 6 88	150	91¾	92¼	+0⅜	+0⅛	7.21
CECA 7 91	150	97⅜	98⅛	—	+0¼	7.25
Copenhagen City 6 90	75	91⅛	91⅝	+0¼	+2⅛	7.12
Council of Eur. 6¼ 88	130	92½	93	+0⅛	−0⅛	7.35
Council of Eur. 7¼ 89	100	98⅞	99⅜	+0⅜	+0¼	7.37
Denmark 5¾ 85	100	†94⅛	95	+0⅛	+0⅛	6.94
Denmark 6½ 89	100	†94½	95½	+0⅛	+0⅞	7.24
EIB 6½ 91	200	94⅛	94⅝	+0⅛	+0⅜	7.23
EIB 7½ 89	200	100⅞	101⅜	+0⅛	+0⅛	7.33
Eletrobras-Brazil 7 87	100	94¼	94¾	—	−0⅛	7.99
Eurofima 6½ 89	100	98⅛	98⅞	−0⅛	−0⅛	6.71
Finland 6 83	150	98⅝	99⅛	+0½	+0½	6.26
Megal Fin. 7 89	150	†97½	96½	+0¼	+0⅛	7.29
Mitsubishi Chem. 6½ 84	70	100½	101⅛	+0¼	+0¼	6.27
New Zealand 6¼ 87	200	96⅝	97⅛	—	−0⅛	6.81
Nippon Kokan 6½ 84	100	99¼	99¾	−0⅛	+0⅛	6.62
Nippon Tel. & T. 5½ 87	100	93⅛	93⅝	+0¼	+1	6.64
Nordic Inv. Bk. 6¼ 86	60	95½	96¼	+0⅛	+0⅛	7.06
Norges Komm. 7¾ 91	150	102⅞	103⅜	+0⅛	+0⅛	7.35
Norway 6¼ 84	200	101½	102¼	−0¼	+0⅞	5.77
Occidental 6¾ 90	150	93½	94¼	—	+0⅛	7.57
OKB 6½ 88	100	96⅝	97⅛	—	+0½	6.94
OKB 6 87	40	†92½	93⅛	—	+0¼	7.23
Tokyo Elec. Pwr. 6½ 85	200	98¾	99	+0⅛	+0⅜	6.73
Venezuela 6½ 90	150	90	90½	−0⅛	+0⅜	7.83
World Bank 6¾ 88	400	94	94½	+0⅜	+1½	7.11
World Bank 7¾ 91	400	101⅛	101⅝	+0½	+0½	7.58

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amer. Exp. Int. 3½ 93	40	92¾	93	−0⅛	+0⅛	4.17
Argentina 5½ 89	80	100¼	100½	+0⅛	+0⅛	5.45
Asian Dev. Bank 3½ 94	100	85¾	86	0	+0⅜	4.88
Aumar 5 89	60	102¼	102½	−0¼	−0¼	4.69
Austria 3½ 93	100	†90¾	91	+0¼	+0¼	4.37
Australia 3¾ 89	250	95⅞	96⅛	−0⅛	+0¼	4.13
Brazil 4¼ 88	100	96½	96⅞	+0½	+1	4.75
Canada 3¾ 89	300	96½	96¾	−0⅛	+0⅞	4.05
Council of Eur. 4¼ 90	100	99½	99¾	0	+2¼	4.29
EIB 4½ 91	100	100⅞	101⅛	−0¼	−0¼	4.39
Heron 4¼ 89	35	95½	95¾	+0¼	+2½	4.82
ICI Fin. NV 3½ 94	230	90½	90¾	−0½	−2¾	4.38
Malaysia 4¾ 90	80	97½	97¾	0	+0¼	5.03
New Zealand 3½ 94	120	91	91¼	0	0	4.33
OKB 3¾ 91	100	91⅞	92⅛	−0½	+0⅜	4.65
Pfand Ost. Lande 4 90	60	94⅞	95⅛	0	+0⅜	4.60
Philippines 4¾ 89	50	97	97¼	0	+0¼	5.13
Sandvik 4 90	85	97⅛	97⅜	+0½	+0⅜	4.31
Spain 4 91	100	94¼	94½	+0¼	+0½	4.63
Steweag 4¾ 91	80	102¼	102⅛	+0⅛	+0¼	4.49
Voest-Alpine 4¾ 89	90	103½	104	+0½	+0⅜	4.27
World Bank 4⅝ 89	100	104⅜	104⅝	−0⅛	−0⅜	4.07

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 5¾ 88	15	86¾	87¾	−0½	+0¼	7.84
Australia 5.6 83	30	94⅝	95⅝	+0½	+0¼	7.17
Australia 6½ 88	20	90¼	91¼	+0⅛	+0¼	8.09
Finland 5.6 83	10	93⅜	94⅜	+0¼	+1⅛	7.45
Finland 6.8 88	10	90½	91½	−0¼	+0⅝	8.36

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Nordic I. Bk. 9 84 SDR	20	†90¼	90¾	−0⅛	−0½	10.05
Avco Fin. 10¼ 86 C$	25	95¾	96¼	−0½	−0¼	11.10
Ex. Dev. Cpn. 10 84 C$	50	98⅛	98⅝	−0⅜	−0¼	10.36
Fst. Can. Inv. 10 84 C$	50	97¼	97¾	−0⅛	−1¼	10.67
Hudson Bay 10½ 89 C$	60	98¾	99¼	−0½	−0⅛	10.65
Quebec 10¼ 86 C$	50	96¾	97¼	−0⅛	−1	10.93
R. Bk. Canada 10 86 C$	40	98⅞	99⅜	−0¼	−1⅛	10.22
R. Bk. Canada 10 94 C$	40	95⅜	95⅞	−0¼	−0⅛	10.59
Copenhagen 8¼ 91 EUA	25	†98	99	+0¼	+0⅛	8.45
Komm. Inst. 7½ 93 EUA	15	†94	95	−0⅜	−0½	8.16
SDR France 8½ 94 EUA	24	*†97¾	99¼	0	0	8.68
[illegible] 89 EUA	40	†96	97	+0¼	+0⅛	8.79
Algemene Bk. 6¾ 83 Fl	75	91½	92	−0⅛	+0¼	8.56
CFE Mexico 7¾ 83 Fl	75	94½	95½	0	+1½	9.33
EIB 7¾ 85 Fl	75	91¼	91¾	−0⅛	+0½	9.10
Ned. Middbk. 8¼ 84 Fl	75	98½	99	−0¼	+0⅛	8.57
New Zealand 6¾ 84 Fl	75	91¼	92	−0½	+0¼	8.92
Norway 8¼ 84 Fl	100	97⅞	98⅜	−0¼	+1	8.74
Elf Aquitaine 9¾ 88 FFr	150	91¾	92½	+0⅛	+1⅛	11.22
Euratom 9¾ 87 FFr	150	91½	92½	+0¼	+1½	11.33
Norway 9¼ 84 FFr	200	†93	94	+1	+1	11.10
PSA Peugeot 9¾ 87	175	91	92	+0⅛	+1	11.47
Renault 9¾ 85 FFr	100	93	94	+0⅛	+0⅜	11.30
Saint-Gobain 9¾ 86 FFr	130	91⅛	92⅛	+0⅛	+0⅜	11.58
Solvay et Cie 9¾ 87 FFr	125	91	92	+0⅝	+0⅜	11.44
Total Oil 9½ 87 FFr	150	89½	90½	+0¼	0	11.38
Unilever 10 85 FFr	100	94⅛	95⅛	−0½	−1⅛	11.21
Citicorp 10 93 £	20	93⅛	93⅞	−0½	−0⅛	10.92
EIB 9¾ 88 £	25	91¼	92	+0¼	+0⅛	11.30
EIB 11¾ 91 £	25	95¾	95⅞	0	−0⅜	12.23
Finance for Ind. 13 91 £	15	103¾	104¼	+0⅛	−0⅜	12.31
Fin. for Ind. 12¾ 89 £	30	100⅞	101⅛	0	+0⅜	12.29
Gen. Elec. Co. 12¼ 89 £	50	100⅞	101⅛	0	−0½	12.26
Euratom 8 87 LuxFr	500	†96	97	0	−0⅛	8.63
Norges Km. 8 86 LuxFr	500	†93¾	94¾	−2	−1½	9.09
Oslo, City of 8 89 LuxFr	500	†97¼	98¼	+0¼	+0⅛	8.34
Solvay Fin. 8 85 LuxFr	500	†96	97	0	−0⅜	8.73

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
BFG Fin. Co. 5½ 89	0¼	98½	99	11/1	11	11.14
BNDE 6 89	0⅜	97⅛	97⅝	21/9	11⅛	11.41
Banco di Roma 6 87	0¼	98⅛	98⅞	26/10	11.19	11.34
Bco. Nac Argent. 7 86	0¼	97⅛	97⅝	22/9	11½	11.78
Banco Prov. BA 7¼ 86	0¼	98¼	99	12/6	11	11.15
Banco Urquijo 6 86	0¼	97⅞	98⅜	21/9	11½	11.72
Bank of Tokyo 5½ 93	0¼	98⅞	99⅜	18/10	11¾	11.85
Bq. Ext. d'Alg. 7½ 85	0⅜	95⅛	95⅝	2/11	11⅞	12.43
Bque Indo Suez 5¾ 89	0¼	98⅜	98⅞	11/1	11	11.15
Banque Sudamens 6 87	0¼	97¼	97¾	11/1	11⅛	11.41
BNP 5½ 91	0¼	98½	99	22/2	11⅜	11.52
Citicorp O/S Fin 6 94	‡0¼	99½	100	8/9	10.69	10.71
Creditanstalt 5½ 91	‡0¼	98½	99	14/9	10⅞	11.01
Gotabanken 6 88	0¼	98⅛	98⅝	15/5	11½	11.65
Ind. Bk. Japan 5½ 85	0⅜	99½	100	1/12	10.94	10.97
Jugobanka 8 89	0⅜	95⅝	96⅛	23/11	11⅞	12.35
LTCB Japan 5¼ 85	0⅜	99½	100¼	9/10	11⅝	11.64
LTCB Japan 5½ 89	0¼	99	99½	7/12	11⅛	11.21
Mfrs. Han. O/S 5¼ 94	‡0¼	99⅛	99⅝	23/8	11.19	11.26
Nacional Fin. 6¼ 86	0¼	97⅞	98⅜	25/1	—	—
Nat. West. 5¼ 94	0¼	98¼	98¾	11/10	11	11.17
Nippon Credit Bk. 5½ 85	0¼	99¼	99⅞	22/12	10.94	10.99
Nippon Credit Bk. 6½ 86	0¼	98⅜	98⅞	12/1	10⅞	11.06
Panama 7 91	0⅜	†96¾	97¼	19/7	—	—
Petro Mexicano 7 84	0¼	98⅞	99⅜	24/7	12.06	12.17
Privredna Banka 8 86	0⅞	95¾	96½	20/12	11.58	12.05
Royal Bank Scot. 5¼ 94	0¼	98½	99	11/10	11	11.14
Sogenal 5½ 89	0¼	98⅛	98⅝	11/1	10.94	11.12
Texas Int. Airways 7 86	0¼	96⅛	96⅞	11/10	11.56	11.97
TVO Pwr. 9 91 (D-lock)	0¼	97¾	98¼	24/11	11⅛	11.35
Utd. Overseas Bk. 6 89	0⅛	97½	98	29/9	11.14	11.39
Bq. E. d'Alg. 4¼ 89 SF	0⅜	97¾	98	18/12	4¼	4.34

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Aga Akt'bolag 7¾ 89	10/79	174	93	94½	−1¼	−1.51
Ciba-Geigy O/S F 4 94	9/79	675	†94	94½	−0⅛	4.60
Credit Suisse 4¾ 93	10/78	1325	105½	106	+0¼	3.96
Esselte 7¾ 89	9/79	159	95¾	96¼	−0½	−2.03
Honda Motor 5½ 89	5/79	532	†98	98½	+0⅞	6.64
LPC Internatnl. 8 89	9/79	35	†101½	102	−0¼	9.58
Nitto Elec. Ind 6 94	7/79	735	†82	83	−0⅛	2.37
Novo Industri 7 89	4/79	259	†87	89	+0¼	2.91
Fujitsu 5 84 DM	7/79	475	98⅝	99⅛	+0¼	27.65
Kansai Elec. 4 84 DM	4/79	1350	†88	89	0	45.28
Marudai Food 3½ DM	2/79	1033	80⅞	81⅝	+1¼	50.57
Nippon Yen. 3½ 85 DM	1/79	251	†118¾	119¼	+0⅛	0.39
Nissan Diesl. 3½ 86 DM	2/79	477	†85½	86½	+2	16.13
Olymp. Opt. 3½ 85 DM	2/79	703	91½	92¼	+1¾	2.20
Sharp Cpn. 3½ 88 DM	2/79	487	†84½	84¾	+0½	12.69
Tokyo Elec. 3½ 87 DM	4/79	476	†87½	88½	−0¼	36.06
Tokyu Ld. Co. 4 86 DM	4/79	493	†83	84	+0½	32.85

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price: the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three-month) for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

AMERICAN QUARTERLIES

ACF INDUSTRIES	1979	1978
Second quarter	$	$
Net profits	11.97m	10.29m
Net per share	1.36	1.18
Six months		
Revenue	518.7m	398.3m
Net profits	23.41m	17.74m
Net per share	2.67	2.03

ALBANY INTERNATIONAL	1979	1978
Second quarter	$	$
Revenue	86.8m	72.9m
Net profits	6.09m	4.83m
Net per share	1.16	0.92
Six months		
Revenue	166.1m	142.3m
Net profits	11.45m	9.37m
Net per share	2.17	1.78

AMERICAN BROADCASTING	1979	1978
Second quarter	$	$
Revenue	501.82m	451.99m
Net profits	56.96m	40.84m
Net per share	2.03	1.48
Six months		
Revenue	953.43m	867.14m
Net profits	82.42m	62.23m
Net per share	2.94	2.26

ASARCO	1979	1978
Second quarter	$	$
Revenue	442m	280.7m
Net profits	68.37m	2.22m
Net per share	2.24	0.11
Six months		
Revenue	844m	523.6m
Net profits	105.72m	18.91m
Net per share	3.46	—

† Loss.

AVON PRODUCTS	1979	1978
Second quarter	$	$
Revenue	566.5m	478.5m
Net profits	56.6m	50m
Net per share	0.94	0.83
Six months		
Revenue	1.02bn	854.4m
Net profits	95.5m	82.1m
Net per share	1.59	1.37

BAUSCH AND LOMB	1979	1978
Second quarter	$	$
Revenue	125.2m	110.2m
Net profits	10.47m	7.69m
Net per share	1.78	1.31
Six months		
Revenue	241.8m	204.99m
Net profits	18.62m	13.03m
Net per share	3.15	2.22

BLUE BELL	1979	1978
Third quarter	$	$
Revenue	250.6m	223.4m
Net profits	17.65m	10.99m
Net per share	1.41	0.88
Nine months		
Net profits	44.38m	39.96m
Net per share	3.54	3.19

BORG WARNER	1979	1978
Second quarter	$	$
Revenue	709.2m	608.5m
Net profits	42.9m	38.5m
Net per share	2.00	1.80
Six months		
Revenue	1.34bn	1.13bn
Net profits	78.1m	64.7m
Net per share	3.65	3.02

CHROMALLOY AMERICAN	1979	1978
Second quarter	$	$
Revenue	393.3m	339.2m
Net profits	16.63m	11.54m
Net per share	0.96	0.71
Six months		
Revenue	*742m*	*634m*
Net profits	27.4m	20.5m
Net per share	1.59	1.27

COMBUSTION ENGINEERING	1979	1978
Second quarter	$	$
Revenue	675.8m	623.7m
Net profits	23.04m	19.73m
Net per share	1.42	1.22
Six months		
Revenue	1.28bn	1.12bn
Net profits	41.13m	34.71m
Net per share	2.53	2.15

CONS. EDISON OF NEW YORK	1979	1978
Second quarter	$	$
Revenue	728.6m	688m
Net profits	45.28m	40.73m
Net per share	0.72	0.65
Six months		
Revenue	1.54bn	1.5bn
Net profits	114.84m	127.74m
Net per share	1.84	2.08

COX BROADCASTING	1979	1978
Second quarter	$	$
Revenue	69.3m	58.1m
Net profits	11.96m	9.51m
Net per share	1.77	1.43
Six months		
Revenue	125.1m	104.9m
Net profits	19.36m	14.79m
Net per share	2.87	2.22

DART INDUSTRIES	1979	1978
Second quarter	$	$
Revenue	620.8m	481.3m
Net profits	41.69m	39.74m
Net per share	1.58	1.51
Six months		
Revenue	1.19bn	892m
Net profits	76.13m	67.15m
Net per share	2.89	2.55

DETROIT EDISON	1979	1978
Second quarter	$	$
Revenue	422.3m	410.5m
Net profits	32.73m	43.45m
Net per share	0.49	0.73
Six months		
Revenue	854.8m	798.5m
Net profits	67.35m	47.58m
Net per share	1.01	0.80

DONALDSON, LUFKIN AND JENRETTE	1979	1978
Second quarter	$	$
Revenue	71.9m	58.8m
Net profits	938,000	1.08m
Net per share	0.11	0.13
Six months		
Revenue	146.7m	107m
Net profits	1.36m	1.14m
Net per share	0.16	0.14

DOW CORNING	1979	1978
Second quarter	$	$
Revenue	*152m*	*120.1m*
Net profits	24.1m	15.9m
Six months		
Revenue	298.9m	227.3m
Net profits	41.4m	28m

DUKE POWER	1979	1978
Second quarter	$	$
Revenue	329.5m	309.5m
Net profits	59.59m	48.03m
Net per share	0.58	0.52
Six months		
Revenue	*732.4m*	*690.8m*
Net profits	140.4m	117.23m
Net per share	1.52	1.39

EMHART	1979	1978
Second quarter	$	$
Revenue	379m	349.6m
Net profits	20.1m	18.8m
Net per share	1.67	1.60
Six months		
Revenue	734.3m	665.9m
Net profits	37.9m	34.4m
Net per share	3.16	2.94

FLORIDA POWER AND LIGHT	1979	1978
Second quarter	$	$
Revenue	440m	371.2m
Net profits	17.06m	29.59m
Net per share	0.22	0.57
Six months		
Revenue	1.7bn	1.6bn
Net profits	189.3m	199.2m
Net per share	3.92	4.28

GULF OIL	1979	1978
Second quarter	$	$
Revenue	6.1bn	4.7bn
Net profits	291m	176m
Net per share	1.49	0.90
Six months		
Revenue	11.6bn	9.6bn
Net profits	540m	337m
Net per share	2.77	1.73

HARVEY HUBBELL	1979	1978
Second quarter	$	$
Revenue	93.4m	59.5m
Net profits	7.21m	5.26m
Net per share	1.12	0.94
Six months		
Revenue	182.3m	109.6m
Net profits	13.83m	8.69m
Net per share	2.16	1.56

HEUBLEIN	1979	1978
Fourth quarter	$	$
Revenue	439.2m	417m
Net profits	15.86m	13.95m
Net per share	0.72	0.64
Year		
Revenue	1.77bn	1.62bn
Net profits	68.13m	56.29m
Net per share	3.09	2.58

PHILIP A. HUNT CHEMICAL	1979	1978
Second quarter	$	$
Revenue	27.3m	23.9m
Net profits	2.06m	1.77m
Net per share	0.36	0.31
Six months		
Revenue	52.3m	43.9m
Net profits	3.86m	3.12m
Net per share	0.68	0.56

INA CORPORATION	1979	1978
Second quarter	$	$
Revenue	1.2bn	1bn
Net profits	62.86m	54.92m
Net per share	2.45	2.16
Six months		
Revenue	2.3bn	2bn
Net profits	118.78m	99.08m
Net per share	4.63	3.94

WALTER KIDDE	1979	1978
Second quarter	$	$
Revenue	587.7m	461.8m
Net profits	21.2m	16.1m
Net per share	1.70	1.43
Six months		
Revenue	*1.1bn*	*862.1m*
Net profits	37.9m	29.4m
Net per share	3.02	2.31

LOCKHEED	1979	1978
Second quarter	$	$
Revenue	962m	894m
Net profits	9.3m	22.4m
Net per share	0.52	1.33
Six months		
Revenue	2bn	1.6bn
Net profits	21.7m	27.8m
Net per share	1.24	1.62

MACMILLAN	1979	1978
Second quarter	$	$
Revenue	149.8m	139.8m
Net profits	4.42m	3.87m
Net per share	0.33	0.29
Six months		
Revenue	267.4m	241.8m
Net profits	4.51m	3.94m
Net per share	0.34	0.30

NORTHERN TELECOM	1979	1978
Second quarter	C$	C$
Revenue	530m	353.3m
Net profits	31.3m	26.4m
Net per share	1.06	0.96
Six months		
Revenue	951.7m	648.8m
Net profits	56.3m	43.3m
Net per share	1.90	1.60

REVLON	1979	1978
Second quarter	$	$
Revenue	407.4m	348.8m
Net profits	39.2m	33.5m
Net per share	1.18	1.05
Six months		
Revenue	777m	655.5m
Net profits	72.7m	60.9m
Net per share	2.20	1.93

SAFECO	1979	1978
Second quarter	$	$
Revenue	306.8m	271m
Net profits	36.15m	30.31m
Net per share	1.84	1.53
Six months		
Revenue	594.6m	523.6m
Net profits	63.94m	59.44m
Net per share	3.24	3

SANTA FE INDUSTRIES	1979	1978
Second quarter	$	$
Revenue	628.3m	528.7m
Net profits	55.7m	37.6m
Net per share	1.87	1.27
Six months		
Revenue	1.18bn	1bn
Net profits	101.9m	67m
Net per share	3.43	2.27

SHELL CANADA	1979	1978
Second quarter	C$	C$
Net profits	60.4m	32.1m
Net per share	0.57	0.32
Six months		
Revenue	1.6bn	1.29bn
Net profits	98.7m	68m
Net per share	0.99	0.69

SHERWIN-WILLIAMS	1979	1978
Second quarter	$	$
Revenue	333.8m	318.6m
Net profits	9.82m	8.14m
Net per share	1.77	1.46
Six months		
Revenue	591m	560.5m
Net profits	10.7m	6.39m
Net per share	1.88	1.08

SQUIBB	1979	1978
Second quarter	$	$
Revenue	431.8m	359.5m
Net profits	28.84m	28.21m
Net per share	0.63	0.58
Six months		
Revenue	810.3m	686.2m
Net profits	44.71m	45.43m
Net per share	0.99	1.01

SUN CHEMICAL	1979	1978
Second quarter	$	$
Revenue	117.8m	97.4m
Net profits	6.71m	4.99m
Net per share	2.00	1.48
Six months		
Revenue	233.9m	187.8m
Net profits	11.99m	9.11m
Net per share	3.56	2.71

SYBRON CORPORATION	1979	1978
Second quarter	$	$
Revenue	183.24m	155.46m
Net profits	0.39m	8.15m
Net per share	0.03	0.75
Six months		
Revenue	350m	295m
Net profits	7.12m	14.73m
Net per share	0.65	1.30

TEXTRON	1979	1978
Second quarter	$	$
Revenue	859.6m	801.5m
Net profits	43.2m	41.2m
Net per share	1.15	1.10
Six months		
Revenue	1.71bn	1.52bn
Net profits	85m	81.1m
Net per share	2.28	2.16

THOMAS AND BETTS	1979	1978
Second quarter	$	$
Revenue	58.18m	48.15m
Net profits	7.98m	6.62m
Net per share	1.04	0.86
Six months		
Revenue	113.16m	94.65m
Net profits	15.66m	13.03m
Net per share	2.04	1.69

WESTERN UNION	1979	1978
Second quarter	$	$
Revenue	194.72m	172.06m
Net profits	8.67m	15.13m
Net per share	0.41	0.83
Six months		
Revenue	378.39m	336.07m
Net profits	18.04m	26.13m
Net per share	0.86	1.39

WEYERHAEUSER	1979	1978
Second quarter	$	$
Revenue	1.12bn	965.3m
Net profits	151.3m	117.42m
Net per share	1.20	0.90
Six months		
Revenue	2.13bn	1.79bn
Net profits	271.15m	184.77m
Net per share	2.14	1.41

ITALIAN MOTOR INDUSTRY

Strikes hamper earnings growth at Fiat

BY RUPERT CORNWELL IN ROME

FIAT YESTERDAY reported a rise of over 16 per cent in net first half sales to L7,311bn ($9bn). But Italy's largest private industrial group, and biggest motor manufacturer, was prevented by strikes and labour unrest from cashing in on what may prove to be a short-lived improvement in economic conditions.

This was made emphatically clear in a letter to shareholders yesterday from Sig. Giovanni Agnelli, Fiat chairman, reporting on the Turin group's performance in the first half of 1979.

According to Sig. Agnelli, disruption and protest in the bitterly fought run-up to the national wage-agreement covering Italy's 1.5m metalworkers cost Fiat 11m hours of lost labour. As a result domestic output of Fiat, Autobianchi and Lancia cars rose only 1.6 per cent in the first half of 1979, to 713,000 units — a rate "utterly inadequate" to match the growth of the Italian and international markets.

World-wide sales by the Fiat group, including Lancia and Autobianchi, rose 9.8 per cent from the same period of the previous year to 880,000 vehicles.

Fiat's own share of the domestic Italian market, "heavily penalised by a lack of available popular models," nonetheless climbed to 46.5 per cent from 45.8 per cent a year earlier. But Lancia and Autobianchi accounted for only 6 per cent of Italian sales, against 7.6 per cent.

On a sector-by-sector breakdown, Fiat's car sales rose to L3,717bn from L1,551bn, agricultural vehicles to L452bn (L281bn), steel products to L690bn (L686bn) and components also to L690bn (L594bn).

At the same time, the group's central financial position has improved, as a result of the restructuring which from the start of 1979 saw Fiat Spa become a holding company controlling separate companies looking after the various activities of the group.

The net surplus of Fiat Spa at June 30, 1979, stood at L1,465bn compared with L690bn at the end of 1978. The increase of L775bn had enabled a significant growth of intra-group financing, and a cut in medium and long-term indebtedness.

Sig. Agnelli warned that the intensifying energy crisis, bringing with it both shortages and higher prices for oil, meant that the recent period of strong demand for cars in Europe was unlikely to occur again for some while. In particular the current problems over diesel fuel supplies could jeopardise the prospects for heavy vehicles.

To strengthen itself for the tougher times ahead, Fiat was stepping up its efforts to lift car output of the group to over 2m units per year. This strategy lay behind the deal with SEAT in Spain and the ten-year agreement with Poland reached last month.

At the same time, the group's goal was to cut average petrol consumption by Fiat cars by a further 10 per cent in the next few years, after a reduction of that size in the previous decade.

AEG to cut gas turbine operation

By Roger Boyes in Bonn

AEG - Telefunken, the West German electrical group, has announced the first major cutback in its new restructuring programme which is aimed at returning the troubled concern to profitability in the 1980s. The move involves a radical scaling down of the Essen works of AEG-Kanis, a wholly-owned subsidiary specialising in gas turbine production.

Herr Walter Cipa, AEG chief executive, recently announced losses of DM 337m ($188m) for 1978 and said that restructuring would be carried out in some of the group's weaker divisions.

Under the new measures, the Essen works labour force will be reduced by 1,300, leaving 200 who will operate a gas turbine servicing unit. Some of the redundant workers will be offered employment at other AEG works, including the AEG-Kanis steam turbine division in Nuremberg. AEG has promised to leave the Nuremberg side of operations untouched in the latest restructuring moves.

The current restructuring moves, which has also included a slight cutback in the West Berlin factory, come after several years of problems and indeed several attempts to rationalise the group. AEG has lost money in three out of the past five years and looks unlikely to pay a dividend much before 1981.

French state shipping line maps out long-term rescue plan

BY TERRY DODSWORTH IN PARIS

THE MAIN features of a long-term rescue plan for Compagnie Generale Maritime, the French state-owned shipping line, have now been worked out with the government following a loss of almost FFr 400m ($91m) last year.

The aim of the plan is to bring the company back into profit by 1983.

CGM came into being in 1973 with the merger of Compagnie Generale Transatlantique and Compagnie des Messageries Maritimes, with the state owning 97 per cent of the capital. Since then losses have been mounting steadily, to a net figure of FFr 399m last year on a turnover of FFr 2.4bn compared with FFr 230m in 1977. This year it will be in deficit again, though it is hoping *for a slightly lower figure.*

The programme of action worked out with the government is less draconian than was feared earlier in the year, but at the same time the Government has given the company only 18 months to see if it works.

Cost savings of about FFr100m are to be generated mainly by cutting the size of the fleet and the workforce, although the company has also promised some productivity improvements.

In return for the shake-up in the management of the company, the Government has made three main commitments.

To begin with it will give the management freedom of decision over the ships it buys and sells, the services it runs and the tariffs it charges.

Secondly, the rate of subsidy to the company will be stepped up in order to reduce indebtedness and put the balance-sheet on a sounder footing.

Finally, the government will also be covering the statutory charges inherited from the initial partners in the merger. These involve payments for pensions, accidents and so on, and will be subsidised to the tune of FFr 53.3m this year and FFr 59.3m in 1980.

The company believes that this programme will be sufficient to bring it back into profits as long as the depression in shipping does not deepen. The rise in oil prices, it says, has put up operating costs considerably, but it has compensated for this to some extent by reducing the speed of its ships.

Italian chemical group halves losses

BY OUR ROME CORRESPONDENT

ANIC, the chemical subsidiary of the ENI hydrocarbons group, yesterday reported a rise of 48 per cent in consolidated sales for the first six months of 1979, coupled with a halving of the L115bn ($140m) losses registered in the same period of last year.

At the same time, however, the ANIC board described as still "highly unsatisfactory" the performance of some of its subsidiaries especially in the fibres sector—the epicentre of the crisis afflicting the entire Italian chemical industry.

Group sales in the first half rose to L1,102bn ($1.36bn), of which L650bn was accounted for by ANIC itself, and L452bn by associated companies. The improvement reflected both higher prices and higher sales volumes.

Base chemicals showed the biggest gain, of 122 per cent to L260bn, followed by plastics and related products (up 48 per cent). But ANIC warned that the higher costs of its petroleum-based raw materials had alraedy started to slow down expansion.

Lufthansa five-month progress

By Our Financial Staff

AN INCREASE in revenues for the first five months of this year is reported by Deutsche Lufthansa. Prospects remain positive. the West German airline declares.

The temporary grounding of 11 DC-10 long-range airliners is not likely to significantly affect 1979 earnings, Lufthansa explains in a prospectus published for the admission of new shares to German stock exchanges. While the grounding of DC-10s had caused some losses, these had been at least partly balanced by a better capacity utilization of other long-range aircraft.

In the first five months of 1979, Lufthansa's gross revenue from air transport rose 15.6 per cent to DM 1.79bn from DM 1.55bn in the year-earlier period. Revenue from passenger transport rose 16.5 per cent, freight was up 15.5 per cent but mail transport fell 6.8 per cent. In 1978, Lufthansa registered a net profit of DM 42.5m ($23.4m) against DM 39.7m in 1977. A dividend of DM 3.50 per share was paid last year.

The Federal and state governments hold about 82.16 per cent of the airline's stock. The rest is in the hands of private investors.

French mail order house sees upturn

By David White in Paris

LA REDOUTE, the French mail order and retail business, is counting on a 14 to 15 per cent increase in sales this year and a recovery in profits.

Shareholders at the annual meeting at Roubaix in northern France, where the group is based, were told that on current trends parent company sales should rise by at least 14 per cent and net earnings by 5 to 10 per cent in the year ending on February 29. This compares with a slight drop in last year's profit to FFr 44m ($10.4m).

At group level, where net profit fell 4 per cent last year to FFr 39.1m, sales growth was expected to be slower than last year's rate of almost 19 per cent. But profits were likely to improve at a comparable rate of 14-15 per cent. Group sales in 1978-79 were FFr 3.9bn, of which the parent company accounted for FFr 3.1bn.

Investments are being stepped up to between FFr 60m and FFr 70m in the current year from FFr 43m, and an equivalent amount is expected to be spent in 1980-81. La Redoute is expanding its retail interests with a second and a third department store in the Paris suburbs.

Advance at Dai Nippon Printing

TOKYO—DAI NIPPON Printing Company, the largest printing enterprise in Japan, raised its parent company net profit by 15.3 per cent in the fiscal year to May 31, to Y15.22bn ($70.6m), from the previous year's Y13.20bn.

Sales were Y373.04bn ($1.7bn), for a 10.7 per cent increase, from Y337.89bn. The per-share profit went up to Y35.32, from Y30.92.

Sales from printing commercial materials registered a sharp rise, of 13.9 per cent, the company said, to total Y151.28bn, accounting for 40.2 per cent of business. Sales from printing books and regular periodicals, representing 19.4 per cent of business, came to Y72.50bn, a 7.3 per cent increase, while those from packaging boxes, plastic and other special wrapping materials rose 9.2 per cent to Y150.157bn.

Dai Nippon officials said net profit in the current fiscal year will rise 7.8 per cent to Y16.4bn, on sales of Y406bn, up 8.6 per cent.

AP-DJ

Nippon Shinpan profit jump

TOKYO — Nippon Shinpan Company, the major Japanese credit sales company, has reported a rise of 55.4 per cent in its consolidated net profit in the year ended March 31 to Y3.87bn ($17.9m), from Y2.492bn in the previous year.

Consolidated sales in the year were up 31.4 per cent to Y466.62bn, from Y355.02bn.

AP-DJ

Kajima just ahead

After-tax profits at Kajima Corporation, the major Japanese construction concern, rose by 1.2 per cent in the half-year to May 31, to Y6.60bn ($30.6m), from Y6.52bn in the same period the previous year, Reuter reports from Tokyo. Sales rose more sharply, by 9.3 per cent to Y311.63bn ($1.4bn), from Y284.91bn. The interim dividend is unchanged, at Y4.5 per share.

Wheelock Maritime

WHEELOCK MARITIME International has announced a 39 per cent rise in post-tax profit to *HK$54.7m (US$10.6m) for the* year to March, writes Philip Bowring from Hong Kong.

A final dividend of 32.5 cents per "A" share and 3.25 cents per "B" share is being recommended, making a total payout for the year of HK$28.5m compared with HK$22.5m for the previous year.

Export decline hits Toyota Motor Sales group result

BY OUR FINANCIAL STAFF

TOYOTA MOTOR Sales—the marketing arm of the largest Japanese motor concern, has announced a 7.4 per cent fall in net profit on a consolidated basis to Y23.99bn ($111m) for the year to March 31, from Y25.9bn the previous year.

This is a slightly lower rate of fall than that reported in May for the parent company alone, of 9.4 per cent to Y22.81bn.

The fall in consolidated profits took place in spite of a rise of 6.8 per cent in the value of sales to Y2,905bn ($13.4bn), from Y2,720bn. The parent company earlier reported a sales gain of 6.4 per cent, to Y2,810bn.

The company attributed the lower consolidated profits mainly to a decline in exports. Out of overall vehicle sales of 2.84m units, or 4.4 per cent more than the 2.71m the previous year, domestic sales rose by 20.8 per cent to 1.57m units from 1.3m, but exports fell by 10.6 per cent to 1.26m from 1.41m.

The exports decline was attributed mainly to the appreciation of the yen in the foreign exchanges — which reduced Toyota's competitive strength in the U.S.

The company felt itself unable to predict its consolidated net income and sales for the current business year, because of the uncertain economic outlook.

Higher crude oil prices and the rise in the Bank of Japan's official discount rate from 4.25 per cent to 5.25 per cent, announced on Monday, it was said, would affect sales of Japanese vehicles at home and abroad, but the company could not yet measure the affect on its business.

Shareholders pump more capital into Aluminium Bahrain

BY MARY FRINGS IN BAHRAIN

THE SHAREHOLDERS in Aluminium Bahrain (Alba) are to subscribe an additional US$30m of capital, to finance the $120m expansion project for which contracts are due to go out in the autumn.

A syndicated loan to cover the remaining cost has already been arranged, with Gulf International Bank and NatWest as lead managers.

Half the additional capital will be raised by an issue of 1m shares, with a nominal value of one Bahrain Dinar, at a premium of BD 5.

The other half will come from a premium on the transfer price of the metal—the sum paid by the shareholders to Alba to cover its raw material and production costs.

The new shares are to be paid for in three instalments. The first, BD1, was called in June, another BD2 is due in November, and the final payment in May next year. Until July 1, the shareholders in Alba were the Bahrain Government (77.9 per cent), Kaiser Aluminum Bahrain (17 per cent) and Breton Investments (5.1 per cent).

An Amiri decree published in Bahrain this week authorised the transfer of 20 per cent of the original 3m shares in Alba to the Government of Saudi Arabia — reducing the Bahrain Government's holding to 57.9 per cent.

It is understood that the transfer was made at the book value of the shares, based on subtracting the company's debts from its Assets, but no price has been made public. The Saudi shares will be held by the General Investment Fund in Saudi Arabia, but Bahrain's Minister for Development and Industry, Mr. Yousuf Shirawi, said it was expected that the shareholding would be exercised by the Saudi Arabian Basic Industries Corporation.

Rights issue by Hong Leong

BY GEORGIE LEE IN SINGAPORE

HONG LEONG FINANCE, the largest local finance company, has announced a rights issue of three shares for every four shares held at $1.60 per share.

The rights issue, which has long been awaited, will raise Hong Leong's existing issued capital of S$23.1m to S$40.42m and provide a fresh a capital injection of S$27.72m (US$13m).

The announcement comes with the reporting of a 24 per cent rise in pre-tax profit to S$9.76m (US$4.5m). At the post-tax level, the increase was 33.6 per cent to S$5.94m.

Hong Leong also disclosed that it plans to dispose of certain of its investments and transfer up to 28 per cent of the issued capital of its wholly-owned subsidiary, Singapore Finance, to two other companies —Singapore Galvanising Industries (Private) and Euroform (Singapore) Private—to comply with the stipulated ratio of total investments to capital and published reserves provided in the Finance Companies Act.

At the shareholders meeting on June 30 this year, shareholders approved a gross dividend of 12 per cent for 1978.

Hong Leong expects to be able to recommend a gross dividend of 9 per cent on the enlarged capital of 40.42m shares in the current year, ending December.

Second-half deficit projected by Waltons

By John Rogers in Sydney

WALTONS, THE Sydney-based retail chain, yesterday revealed that the group will incur a large pre-tax trading loss in the second half of its financial year.

The directors warned that the deficit might offset the first half pre-tax earnings of A$4.45m (US$5m).

"Trading conditions in recent months have been difficult and as a consequence a pre-tax loss on trading operations is anticipated for the second half of the year. It is conceivable that it could offset the pre-tax profits on trading operations disclosed for the six months to January."

Yesterday's announcement has virtually been forced on the board because of circumstances over which it has no control. After nearly a week of takeover speculation the company's own staff fund, Waltons Employees Nominees Company Pty., on Monday announced that it had been approached by an unnamed party with a view to the purchase of its 17.7 per cent stake in the retailing group at A$1.00 a share—well above the recent ruling market price.

The mystery party indicated that it did not intend to make a full take-over bid for the company. Trustees of the company sought an extension of time until next Friday to consider their response.

This is understandable as several of Walton's executives, including the chairman, Mr. John Walton, also serve on the board of the staff fund. The Walton's board yesterday said that they had decided to make the preliminary announcement concerning the company's ill-fortunes on "legal advice."

At the same time as announcing the possible loss, the directors revealed that the company had revalued its extensive property holdings by A$13m. This has the effect of boosting asset backing by about 28 cents a share to just over A$2.00—and making any bid more expensive.

It cannot be certain that Waltons will post a "net" deficit in the year to July 31 as the board added to the uncertainties yesterday by revealing that its 50 per cent-owned, Barclays Credit Corporation would contribute on A$2m profit for the year, a number of non-recurring profits of a capital nature would improve the result, and current trading was showing an improvement in sales.

Companies and Markets

CURRENCIES, MONEY and GOLD

Sterling strong

STERLING continued to rise in busy foreign exchange trading yesterday. It opened at $2.3115-$2.3125, and rose to $2.3220-$2.3230 by mid-day. In the afternoon the pound tended to ease as the dollar gained ground with help from the U.S. Federal Reserve. Sterling weakened to $2.3180-2.3190 but improved again towards the close to $2.3270-2.3280 on renewed buying from New York. The pound closed at $2.3245-2.3255, a rise of 1.35 cents on the day, and the highest closing level since May, 1975.

Sterling was also very strong against other major currencies. Its trade-weighted index, as calculated by the Bank of England, rose to 73.6 from 73.0, after standing at 73.5 at noon, and 73.2 in the morning. The closing level was the highest since October, 1975.

In terms of the French franc, the pound rose to FFr 9.7900 from FFr 9.7150, and against the D-mark improved to DM 4.2075 from DM 4.1700. Sterling also gained ground against the Swiss franc, rising to SwFr 3.8000 from SwFr 3.7550.

The Bank of England may have intervened to help the dollar, but the major European intervention continued to come from the West German Bundesbank and the Swiss National Bank. Support for the dollar by these central banks, plus major buying from the Federal Reserve later in the day, pushed the U.S. currency up to SwFr 1.6340 against the Swiss franc, from SwFr 1.6310 on Monday.

The dollar traded within a range of SwFr 1.6240 to SwFr 1.6360, and between DM 1.8030 and DM 1.8150 against the D-mark, before closing at DM 1.8090, compared with DM 1.8115 previously. The movement against the Japanese yen was Y213.50 to Y214.90 and the dollar closed at Y214.30, compared with Y215.60 on Monday.

On Bank of England figures the dollar's trade-weighted index eased to 83.7 from 83.8.

MILAN—Sterling rose to a record L1,889.25 against the lira at the fixing, gaining nearly 22 points from Monday. The dollar lost ground, falling to L812.95, compared with L815.30 previously, and the Bank of Italy sold most of the $18.7m traded officially. The D-mark fell to L450.45 at the fixing from L450.86.

FRANKFURT—The Bundesbank bought $20m when the dollar was fixed at DM 1.8065 against the D-mark compared with DM 1.8091 previously. During the morning the U.S. currency traded between DM 1.8030 and DM 1.8065.

TOKYO—The dollar fell to Y213.92½ at the close, from Y214.77½ previously. Trading was heavy, with the U.S. currency opening at Y213.50, and rising to a high point of Y214.35 in the morning.

THE POUND SPOT AND FORWARD

July 24	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.3115-2.3280	2.3245-2.3255	0.70-0.60c pm	3.35	1.50-1.40 pm	2.49
Canada	2.6940-2.7105	2.7075-2.7085	0.65-0.55c pm	2.66	1.67-1.57 pm	2.39
Nethlnd.	4.58-4.64	4.62¼-4.63¼	2½-1½c pm	5.19	5½-4½ pm	4.21
Belgium	66.60-67.20	67.10-67.20	15-5c pm	1.79	33-23 pm	1.67
Denmark	12.00-12.11	12.09½-12.10½	½ore pm-1½o dis	−0.25	3¼-5¼ dis	−1.57
Ireland	1.1075-1.1120	1.1085-1.1095	25-35p dis	−3.25	73-83 dis	−2.81
W. Ger.	4.18½-4.21½	4.20¼-4.21¼	3½-2½pf pm	8.56	8½-7½ pm	7.25
Portugal	111.60-112.50	112.15-112.45	40-100c dis	−7.49	135-235 dis	−6.59
Spain	152.70-154.50	154.35-154.45	200-250c dis	−17.49	520-620dis	−14.77
Italy	1,880-1,891	1,889½-1,890½	3½-5½ lire dis	−2.86	11-14 dis	−2.65
Norway	11.60-11.66	11.64½-11.65½	5¾-3¾ ore pm	4.88	14-12 pm	4.46
France	9.72½-9.80	9.78½-9.79½	3-2c pm	3.06	5½-4½ pm	2.04
Sweden	9.68-9.75	9.73½-9.74½	1 ore pm-1 ore dis	par	3-1 pm	0.82
Japan	492-502	498-499	4.30-4.00y pm	9.99	10.25-9.95 pm	7.30
Austria	30.65-30.95	30.88-30.93	22-12 gro pm	6.60	52-42 pm	6.08
Switz.	3.75½-3.81	3.79½-3.80½	4¼-3¼c pm	13.42	11¾-10¾ pm	11.84

Belgian rate is for convertible francs. Financial franc 70.40-70.50c pm. Six-month forward dollar 2.48-2.38c pm: 12-month 3.95-3.85c pm.

THE DOLLAR SPOT AND FORWARD

July 24	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.3115-2.3280	2.3245-2.3255	0.70-0.60c pm	3.35	1.50-1.40 pm	2.49
Ireland†	2.0890-2.0980	2.0900-2.0920	1.30-1.05c pm	6.74	3.10-2.85 pm	5.69
Canada†	85.70-85.95	85.80-85.83	0.05-0.03c pm	0.56	0.05-0.02 pm	0.16
Nethlnd.	1.9830-1.9890	1.9845-1.9865	0.39-0.32c pm	2.17	0.96-0.89 pm	1.87
Belgium	28.80-28.90	28.86-28.87	1.5-3c dis	−0.93	3-6 dis	−0.62
Denmark	5.1890-5.2050	5.2035-5.2045	1.15-1.65 ore dis	−3.11	5.50-6.00dis	−4.42
W. Ger.	1.8050-1.8115	1.8090-1.8100	0.82-0.72pf pm	5.11	2.28-2.18 pm	4.93
Portugal	48.15-48.50	48.30-48.40	35-45c dis	−9.93	90-130 dis	−9.10
Spain	66.25-66.60	66.40-66.50	115-130c dis	−22.03	280-300dis	−17.45
Italy	812.50-814.50	813.50-814.00	4-4.75 lire dis	−6.45	11-12 dis	−5.65
Norway	5.0100-5.0140	5.0115-5.0125	1.00-0.50 ore pm	1.79	2.75-2.25 pm	1.98
France	4.2050-4.2150	4.2115-4.2130	par-0.10c dis	−0.14	0.20-0.40dis	−0.28
Sweden	4.1820-4.1880	4.1855-4.1865	0.90-1.10 ore dis	−2.87	2.75-2.95dis	−2.72
Japan	214.00-214.85	214.30-214.50	1.20-1.05y pm	6.29	2.90-2.75 pm	5.27
Austria	13.25-13.31	13.29½-13.30	4.80-4.30 gro pm	4.11	12.50-11.00pm	3.53
Switz.	1.6270-1.6340	1.6320-1.6330	1.43-1.38c pm	10.29	4.08-4.03 pm	9.92

† UK, Ireland and Canada are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

July 24	Bank of England Index	Morgan Guaranty changes %
Sterling	73.6	−32.0
U.S. dollar	83.7	−9.6
Canadian dollar	80.5	−17.2
Austrian schilling	147.8	+19.2
Belgian franc	114.7	+13.7
Danish kroner	113.8	+2.4
Deutsche Mark	152.1	+42.3
Swiss franc	198.5	+81.6
Guilder	123.5	+18.2
French franc	99.2	−7.4
Lira	55.2	−48.9
Yen	132.5	+31.1

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

CURRENCY RATES

July 23	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	14	0.571911	0.611089
U.S. $	10	1.30939	1.39974
Canadian $	11¾	1.52243	1.62665
Austria Sch.	3¾	17.3920	18.5955
Belgian F	9	Unavail.	40.4599
Danish K	9	6.80032	7.27093
D mark	5	2.36882	2.53184
Guilder	6	2.60307	2.78240
French Fr.	9½	5.52890	5.90619
Lira	10½	1067.48	1141.14
Yen	5¼	281.388	300.803
Nrwgn. K	7	6.57314	7.02668
Spanish Pes.	8	86.4564	92.5576
Swedish Kr.	7	5.49420	5.87400
Swiss Fr.	1	2.13509	2.28970

OTHER MARKETS

July 24	£	$		£ Note Rates
Argentina Peso	3141-3161	1349-1358	Austria	30-31
Australia Dollar	2.0430-2.0490	0.8775-0.8805	Belgium	69.5-70.5
Brazil Cruzeiro	60.05-61.05	25.80-26.25	Denmark	11.90-12.05
Finland Markka	8.80-8.81	3.7810-3.7850	France	9.65-9.75
Greek Drachma	82.762-84.738	35.56-36.40	Germany	4.12-4.22
Hong Kong Dollar	11.99-12.01	5.1515-5.1600	Italy	1,850-1,880
Iran Rial	165.70-172.60	71-74	Japan	490-500
Kuwait Dinar (KD)	0.629-0.639	0.2700-0.2745	Netherlands	4.55-4.65
Luxembourg Frc.	67.10-67.20	28.86-28.88	Norway	11.50-11.65
Malaysia Dollar	4.95-4.96½	2.1265-2.1330	Portugal	107-113
New Zealand Dlr.	2.2530-2.2590	0.9680-0.9705	Spain	150¼-154¼
Saudi Arab. Riyal	7.72-7.82	3.3588-3.3598	Switzerland	3.70-3.80
Singapore Dollar	4.95-4.96½	2.1265-2.1330	United States	2.2975-2.3100
Sth. African Rand	1.9450-1.9550	0.8355-0.8400	Yugoslavia	43-46

Rate given for Argentina is free rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU July 24	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.4582	40.5306	+2.72	+1.18	±1.53
Danish Krone	7.08592	7.29289	+2.92	+1.38	±1.635
German D-Mark	2.51064	2.53762	+1.07	−0.47	±1.1325
French Franc	5.79831	5.91099	+1.94	+0.40	±1.35
Dutch Guilder	2.72077	2.78937	+2.52	+0.98	±1.5075
Irish Punt	0.662638	0.671063	+1.27	−0.27	±1.665
Italian Lira	1148.15	1142.16	−0.52	−0.52	±4.0725

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

July 24	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'r	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.325	4.208	498.5	9.790	3.800	4.628	1890.	2.708	67.15
U.S. Dollar	0.430	1.	1.810	214.4	4.211	1.634	1.990	813.0	1.165	28.88
Deutschemark	0.238	0.553	1.	118.5	2.327	0.903	1.100	449.3	0.644	15.96
Japanese Yen 1,000	2.006	4.664	8.440	1000.	19.64	7.623	9.283	3792.	5.432	134.7
French Franc 10	1.021	2.375	4.298	509.2	10.	3.882	4.727	1931.	2.766	68.59
Swiss Franc	0.263	0.612	1.107	131.2	2.576	1.	1.218	497.4	0.713	17.67
Dutch Guilder	0.216	0.502	0.909	107.7	2.116	0.821	1.	408.5	0.585	14.51
Italian Lira 1,000	0.529	1.230	2.225	263.7	5.179	2.010	2.448	1000.	1.433	35.52
Canadian Dollar	0.369	0.859	1.554	184.1	3.615	1.403	1.709	698.0	1.	24.80
Belgian Franc 100	1.489	3.462	6.266	742.4	14.58	5.659	6.891	2815.	4.033	100.

EURO-CURRENCY INTEREST RATES

The following nominal rates were quoted for London dollar certificates of deposit: one month 10.80-10.90 per cent; three months 10.90-11.00 per cent; six months 10.90-11.00 per cent; one year 10.50-10.60 per cent.

July 24	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	14¾-15¼	10⅝-10⅞	9½-10½	8¼-8½	⅝-⅞	6⅛-6¼	9¾-10	15½-19½	—	1⅓-6½
7 days' notice	14¼-14½	10¾-11	9½-10½	8¼-8½	1¼-1½	6⅛-6¼	9¾-10	17-20	10⅝-10¾	3-4¼
Month	14-14¼	10⅞-11⅛	11⅛-11⅜	8⅝-9	⅞-1	6 1/16-6 3/16	10⅞-11⅛	16¾-17¾	10 1/16-10 3/16	4½-5⅛
Three months	14-14½	11¼-11½	11⅛-11⅜	9¼-9½	1 1/16-1 5/16	5⅞-6⅛	11½-11¾	16¼-17¼	11-11⅛	5⅜-5¾
Six months	13¼-13½	11⅛-11⅜	11 1/16-11 5/16	9⅝-9⅞	1⅝-2¼	6 13/16-7 1/16	11⅞-12⅛	15¾-16¾	11⅛-11¼	5½-5⅞
One year	12¾-13	10¾-11	10⅝-11	9½-9¾	2⅛-2⅝	6 15/16-7 3/16	11⅞-12⅛	14½-15½	10 11/16-10 13/16	6¼-6⅝

Long-term Eurodollar: two years 10 5/16-10 9/16 per cent; three years 10 5/16-10 9/16 per cent; four years 10 5/16-10 9/16 per cent; five years 10-10½ per cent nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two-day call for guilders and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

Fed. fund rates firm

U.S. Federal fund rates remained high yesterday and were quoted at 10 11/16-10 13/16 per cent. The Federal Reserve Bank injected liquidity into the market by arranging one and two day repurchase orders. Fed. funds opened at around 10⅞ per cent and were trading later in the day at 10½ per cent. Treasury bills showed a firmer tendency early on with yields on 13-week bills easing to 9.39 per cent from 9.479 per cent at Monday's auction and 9.43 per cent against 9.473 per cent for 26-week bills, reflecting the strong bidding at Monday's auction.

FRANKFURT—Call money was quoted at 6.10-6.20 per cent compared with 6.10-6.30 per cent on Monday while longer periods showed a mixed trend. One-month money fell to 6.15-6.25 per cent from 6.20-6.40 per cent, but the three-month rate rose from 6.70-6.90 per cent to 6.85-6.95 per cent. Six-month money was also firmer at 7.20-7.30 per cent from 7.00-7.20 per cent and the 12-month rate rose to 7.40-7.50 per cent from 7.30-7.50 per cent.

AMSTERDAM—Interbank money rates showed a slightly easier trend where changed yesterday. While call money was quoted at 8¼-8½ per cent from 8¼-8¾ per cent, one-month money was fractionally down at 9¼-9½ per cent against 9⅜-9⅝ per cent. The three-month rate stood at 9½-9¾ per cent unchanged from Monday, while six-month money eased to 9¾-9⅞ per cent from 9⅞-10 per cent.

PARIS—Interest rates were generally steady yesterday with call money unchanged at 9¼ per cent and one-month money at 9½-9¾ per cent. The three-month rate eased slightly from 9⅞-10 per cent to 9 13/16-9 15/16 per cent while six- and 12-month money remained at 10⅛-10½ per cent and 10⅜-10⅝ per cent respectively.

BRUSSELS—Deposit rates for the Belgian franc (commercial) were quoted at 12-12¼ per cent for one- and three-month and 11⅛-11⅜ per cent for six-month. The 12-month rate stood at 10⅞-10⅞ per cent.

HONG KONG—Conditions in the money market were steady, with call money at 10¼ per cent and overnight business dealt at 10 per cent.

UK MONEY MARKET

Exceptionally large help

Bank of England Minimum Lending Rate 14 per cent (since June 12, 1979)

Day to day credit was in very short supply in the London money market yesterday, and the authorities gave assistance on an exceptionally large scale. This comprised very large purchases of Treasury bills, some of which are for resale at a fixed future date. There was also a certain amount bought indirectly. In addition the authorities bought a small amount of local authority bills, all of which are for resale.

This was in addition to a moderate amount of overnight lending to 6 or 7 houses at MLR.

The market was faced with the repayment of a small amount of official advances and a small net take up of Treasury bills to finance. Banks brought forward balances a moderate way below target and there was a small increase in the note circulation. In addition revenue transfers to the Exchequer exceeded Government disbursements by a small amount.

Discount houses were paying 13½-13¾ per cent for secured call loans at the start, with closing balances taken down to 13½ per cent.

In the interbank market overnight loans opened at 13¾-14 per cent and rose to 14¼-14½ per cent before coming back to 14-14¼ per cent in early afternoon trading. Rates then fluctuated between 13¾ per cent and 14¼ per cent before dipping to 8 per cent, with closing balances taken in the region of 12 per cent.

Rates in the table below are nominal in some cases.

LONDON MONEY RATES

July 24 1979	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	8-14½	—	—	—	14⅝	13½-14	—	—	—
2 days notice	—	—	14-14¼	—	—	—	—	—	—	—
7 days or 7 days notice	—	14-14⅛	14-14¼	—	14⅝	14⅛	13⅞	—	—	—
One month	14⅛-13 15/16	14⅛-14¼	14⅛	14⅞-14⅛	14⅝	14½	13⅞	13 13/16-13⅞	14⅛	14⅜
Two months	14⅛-13 15/16	14 1/16-14 3/16	—	14⅞-14⅛	14⅛	—	13¾	13 21/32-13 23/32	13⅞	14¼
Three months	14 1/16-13 15/16	13 15/16-14 1/16	13⅞-14	14-13¾	14⅜	14½	13⅝	13 19/32-13⅝	13⅝	14⅛
Six months	13⅝-13¼	13⅝-13½	13⅛-13½	13¼-12⅞	13⅞	—	—	—	12⅜	14⅛
Nine months	12 15/16-12 11/16	12¾-12⅞	—	13-12⅝	13¼	—	—	—	—	—
One year	13 1/16-12 15/16	12 13/16-12 15/16	12⅝-12¾	12⅝-12⅜	13	—	—	—	—	—
Two years	—	—	12⅝-12¾	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days fixed. *Long-term local authority mortgage rates nominally three years 12⅝-12⅞ per cent; four years 12¾-12⅞ per cent; five years 12⅝-12⅞ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-months bank bills 13⅝ per cent; four-month trade bills 14½ per cent.

Approximate selling rate for one-month Treasury bills 13 25/32-13 27/32 per cent; two-months 13⅝ per cent; three-months 13¾-13 21/32 per cent. Approximate rates for one-month bank bills 13 31-32nds-14 1/32 per cent; two-months 13⅝-13 25/32 per cent; and three-month 13 23/32-13 25/32 per cent; one-month trade bills 14⅛ per cent; two-month 14⅛ per cent; and three-month 14 per cent.

Finance House Base Rate (published by the Finance Houses Association) 13 per cent from July 1, 1979. Clearing Bank Deposit Rates for small sums at seven days' notice 11½-12 per cent. Clearing Bank Rates for lending 14 per cent. Treasury Bills: Average tender rates of discount 13.3583 per cent.

GOLD

Further record

GOLD CONTINUED to advance, closing at a record $305½-$306¼, a rise of $1¼ on the day. The market was busy, with gold opening at $306½-$307¼, and touching an all time high of $307-$307½. In the afternoon, selling in New York pushed the metal down to $304½-$305, but it gained ground once more towards the close.

In Paris the 12½ kilo gold bar was fixed at FFr 43,650 per kilo ($322.75 per ounce) in the afternoon, compared with FFr 43,650 ($322.96) in the morning, and FFr 43,190 ($318.36) Monday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 17,825 per kilo ($307.15 per ounce), compared with DM 17,680 ($304.06) previously.

	July 24	July 23
Gold Bullion (fine ounce)		
Close	$305½-306¼ (£131.4-131.7)	$304¼-305 (£132.2-132.5)
Opening	$306½-307¼ (£132.4-132.7)	$302½-303¼ (£131.8-132.5)
Morning fixing	$306.50 (£132.198)	$303.60 (£132.634)
Afternoon fixing	$305.25 (£131.460)	$304.90 (£132.393)
Gold Coins, domestically		
Krugerrand	$315¼-317¼ (£135½-136½)	$313¾-315¾ (£136½-137½)
New Sovereigns	$79¼-81¼ (£34-35)	$79-81 (£34¼-35¼)
Old Sovereigns	$102½-104½ (£44-45)	$99¾-101¾ (£43¼-44¼)
Gold Coins, internationally		
Krugerrand	$315¼-317¼ (£135½-136½)	$313¾-315¾ (£136½-137½)
New Sovereigns	$79¼-81¼ (£34-35)	$79-81 (£34¼-35¼)
Old Sovereigns	$102½-104½ (£44-45)	$99¾-101¾ (£43¼-44¼)
$20 Eagles	$425-430	$425-430
$10 Eagles	$241-246	$241-246
$5 Eagles	$181-186	$181-186

MONEY RATES

NEW YORK	
Prime Rate	11.5-11.75
Fed Funds	10.75
Treasury Bills (13-week)	9.39
Treasury Bills (26-week)	9.43
GERMANY	
Discount Rate	5
Overnight Rate	6.15
One month	6.20
Three months	6.90
Six months	7.25
FRANCE	
Discount Rate	9.5
Overnight Rate	9.5
One month	9.6875
Three months	9.875
Six months	10.4375
JAPAN	
Discount Rate	5.25
Call (Unconditional)	6
Bills Discount (3-month)	5.875

COMPANY NOTICES

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED

(Incorporated in the Republic of South Africa)

NOTICES TO MEMBERS

Annual General Meeting

Notice is hereby given that the sixty-second annual general meeting of members of Anglo American Corporation of South Africa Limited will be held at 44 Main Street, Johannesburg on Friday, August 17, 1979, at 11h00, for the following business:

1. To receive and consider the annual financial statements in respect of the year ended March 31, 1979.
2. To elect directors in accordance with the provisions of the Corporation's articles of association.
3. To consider, and if deemed fit, to pass, with or without modification, the following resolution as an ordinary resolution, namely:
"That the directors be and they are hereby authorised:
(i) To allot and issue all or any portion of the 9 650 000 unissued redeemable cumulative preference shares of 2.5 cents each in the capital of the Corporation and, after providing for the allotment and issue of the ordinary shares in terms of the share incentive scheme, the staff share option scheme and any shares which shall have been set aside for allotment in substitution for shares in Rand Selection Corporation Limited arising on conversion of bonds of US$1.000 each representing the Rand Selection US$30 million 6½ per cent convertible loan 1986, all or any portion of the remaining 13 768 766 unissued ordinary shares of 10 cents each in the capital of the Corporation, at such time or times to such person or persons, company or companies, and upon such terms and conditions as they may determine.
(ii) To make arrangements on such terms and conditions as they may deem fit for the subscription by underwriters of:
(a) any shares offered by way of rights issues but not taken up by the persons entitled thereto; and
(b) any shares resulting from the consolidation of any fractional entitlements in respect of any shares issued in pursuance of a rights issue, provided that any rights to such shares which can be sold in nil-paid form on The Johannesburg and/or London Stock Exchanges during the period which they are quoted on such stock exchanges may be sold by the underwriters, and the net proceeds of any sale of such rights shall be paid to the Corporation."

The head office and United Kingdom transfer registers and the register of members of the Corporation will be closed from August 13 to August 17, 1979, both days inclusive.

Holders of share warrants to bearer who wish to attend in person or by proxy or to vote at any general meeting of the Corporation must comply with the regulations of the Corporation under which share warrants to bearer are issued.

A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend, speak and vote in his stead. A proxy need not be a member of the Corporation.

By Order of the Board
J. T. GOLDFINCH
Managing Secretary

July 24, 1979.

General Meeting

Notice is hereby given that a general meeting of members of Anglo American Corporation of South Africa Limited will be held at 44 Main Street, Johannesburg on Friday, August 17, 1979, at 11h10 or immediately following the annual general meeting which has been convened for 11h00 that day, whichever is the later, for the purpose of considering and if deemed fit, of passing, with or without modification, the following resolution as a special resolution, namely:

"That the articles of association of the Corporation be and the same are hereby amended by the deletion of the existing article 93 and the substitution therefor of the following new article:

'93. Until otherwise determined by the Company in general meeting by ordinary resolution, the Directors shall be paid out of the funds of the Company by way of remuneration for their services at the rate of R5 000 per annum each, and the Chairman shall in addition to his remuneration as a Director be paid a further sum at the rate of R7 500 per annum. The remuneration so payable shall accrue from day to day and shall be paid quarterly.'"

The reasons for and the effects of the proposed special resolution are contained in the directors' report.

The head office and United Kingdom transfer registers and the register of members of the Corporation will be closed from August 13 to August 17, 1979, both days inclusive.

Holders of share warrants to bearer who wish to attend in person or by proxy or to vote at any general meeting of the Corporation must comply with the regulations of the Corporation under which share warrants to bearer are issued.

A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend, speak and vote in his stead. A proxy need not be a member of the Corporation.

By Order of the Board
J. T. GOLDFINCH
Managing Secretary

Registered Office:
44 Main Street, Johannesburg

July 24, 1979.

GADEK (MALAYSIA) BERHAD

(Incorporated in Malaysia)

NOTICE IS HEREBY GIVEN that an interim dividend of 5% less 40% income tax for the year ending 31st December, 1979, has been declared payable on 24th August, 1979, to shareholders whose names appear on the members' register at the close of business on 14th August, 1979.

By Order of the Board,
OH KIM SUN
LEE HAU HIAN
Secretaries

Ladang Pinji,
Lahat, Perak.
20th July, 1979

U.K./U.S.A. GULF WESTBOUND RATE AGREEMENT (F.M.C. AGREEMENT No. 8770)

NOTICE TO SHIPPERS AND CONSIGNEES BUNKER SURCHARGE

The member lines of the above agreement operating services between the United Kingdom, Northern Ireland and the Republic of Ireland and U.S. Gulf ports in the range Key West, Florida, to Brownsville, Texas, wish to advise shippers and consignees that due to the continued escalation of bunker fuel prices they are obliged to announce a further increase in the present level of bunker surcharge to U.S. dlrs. 8.00 per revenue ton.

The revised level of surcharge will apply on all vessels commencing to load at individual ports of loading on and after 16th August, 1979.

Atlantic Cargo Services AB
Combi Line
Thos. and Jas. Harrison Ltd.
Lykes Bros. S.S. Co. Inc.
Sea-Land Service Inc.
U.K./U.S.A. GULF WESTBOUND RATE AGREEMENT
Cunard Building,
Liverpool L3 1DS,
England.
July 1979.

U.K./U.S.A. GULF WESTBOUND RATE AGREEMENT (F.M.C. RATE AGREEMENT No. 8770)

NOTICE TO SHIPPERS/CONSIGNEES CURRENCY ADJUSTMENT FACTOR

The member lines of the above agreement operating services from the United Kingdom to U.S. Gulf ports in the range Key West, Florida, to Brownsville, Texas, wish to advise shippers and consignees that as a result of a further depreciation of tariff currency (i.e. U.S. dollar) in relation to the pound sterling it has become necessary to announce an increase in the present level of surcharge to 12.00 per cent, effective by all vessels commencing to load at each individual loading port on and after 16th August, 1979.

This arrangement will be under constant review and adjustments made as the situation determines.

Atlantic Cargo Services AB
Combi Line
Thos. and Jas. Harrison Ltd.
Lykes Bros. S.S. Co. Inc.
Sea-Land Service Inc.
U.K./U.S.A. GULF WESTBOUND RATE AGREEMENT
Cunard Building,
Liverpool L3 1DS,
England.
July 1979.

BRITISH GAS CORPORATION

U.S.$60,000,000
9 PER CENT GUARANTEED NOTES 1981

Holders of the above Notes are advised that copies of the Annual Report and Accounts of the British Gas Corporation for the year ended 31st March, 1979 are available from:
S. G. WARBURG & CO. LTD.,
Coupon Dept.,
St. Albans House,
Goldsmith Street,
London EC2P 2DL.
25th July, 1979.

NOTICE TO THE HOLDERS OF BONDS OF THE ISSUE 8½% 1977/86 OF US$25,000,000 MADE BY THE EUROPEAN COAL AND STEEL COMMUNITY

The Commission of the European Communities announces that the annual instalment of bonds amounting to US$3,000,000 has been purchased for redemption on September 1, 1979.

NOTICE OF PURCHASE THE BOWATER CORPORATION LIMITED

9¼% BONDS DUE 15th JULY, 1986

NOTICE IS HEREBY GIVEN to bondholders that US$1,250,000 nominal amount of the above issue was purchased in the market during the twelve month period ended 15th July, 1979.

THE BOWATER CORPORATION LIMITED
Bowater House,
Knightsbridge,
London SW1X 7LR.
25th July, 1979.

NOTICE TO THE HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS (EDR's) IN KOMATSU LTD., TOKYO

We are pleased to confirm that copies of the Semi-Annual Report for the six-month period ended December 31 1978, of Komatsu Ltd., Tokyo, and Consolidated Subsidiaries, are now available to EDR Holders upon application to the following conversion agents.

Citibank Branches in Amsterdam, Frankfort, Brussels, Paris and Milan and at: Citibank (Luxembourg) S.A., Luxembourg. Kredietbank S.A., Luxembourgeoise. Luxembourg.

Citibank, N.A.
336, Strand,
London WC2R 1HB.
Depositary
July 1979.

R. PATERSON & SONS, LTD.

NOTICE IS HEREBY GIVEN that the Ordinary Share Transfer Books of the Company will be closed from 10th August to 23rd August 1979, both dates inclusive, for the payment of the Final Dividend in respect of the period ended 31st March, 1979.

By Order of the Board,
W. M. ADAMSON,
Secretary.

TANKS CONSOLIDATED INVESTMENTS LIMITED

NOTICE TO HOLDERS OF ORDINARY STOCK DIVIDEND No. 64

NOTICE IS HEREBY GIVEN THAT the Final Dividend recommended on 5th June, 1979 at the rate of 6p per 50p unit of Ordinary Stock for the year ended 31st December, 1978 will be paid on or after 8th August, 1979 to stockholders registered in the books of the Company on 9th July, 1979 and to holders for the time being of Stock Warrants to Bearer as indicated below.

Holders of Stock Warrants to Bearer must arrange for an Authorised Depositary to deposit Coupon No. 64 therefrom at the office of the Company's Paying Agents, Tanganyika Holdings Limited
6, John Street,
London WC1N 2ES
or to deposit this Coupon in BRUSSELS at:—
Societe Generale de Banque
3, Montagne du Parc
or
Banque Lambert
24 Avenue Marnix
or in PARIS at:—
Credit du Nord et Union Parisienne
6 & 8 Boulevard Haussmann
or
Messrs Lazard Freres & Cie
5 rue Pillet-Will
or in SWITZERLAND at:—
Swiss Bank Corporation
Aeschenvorstadt 1
BASLE
and all its Swiss Offices
or in LUXEMBOURG at:—
Banque Generale du Luxembourg
14 rue Aldringen
or
Banque Internationale à Luxembourg
2, Boulevard Royal.

Coupons presented for payment in Brussels, Paris, Switzerland or Luxembourg will require to be accompanied by declarations to the effect that they have neither been received from nor are the property of residents in the United Kingdom.

United Kingdom Income Tax at the rate of 30% will be deducted:—
(a) Where holder's registered addresses are situated in Great Britain or Northern Ireland.
(b) Where other holders on the Principal Register have appointed Agents in Great Britain or Northern Ireland for the receipt of Dividends for their Account.
(c) From payments made in respect of coupons presented in London, unless such coupons are accompanied by Inland Revenue Declarations.

By Order of the Board,
BAHAMAS INTERNATIONAL TRUST COMPANY LIMITED
Secretaries

Dated the 25th day of July, 1979
P.O. Box N 7768
NASSAU
Bahamas.

Early Dow rally despite depressing factors

INVESTMENT DOLLAR PREMIUM
$2.60 to £1—19½% (21¼%)
Effective $2.3250 6¾% (7⅞%)

A FIRMER tendency prevailed in reasonably active early trading yesterday on Wall Street, with analysts commenting that investors may have been encouraged by the market's ability to partly recover on Monday from an initial downtrend against the discouraging news background.

Closing prices and market reports were not available for this edition.

The Dow Jones Industrial Average, which managed to close the previous day only a net 2.56 off after an early fall of 5¼ points, picked up 3.84 to 829.35 at 1 pm yesterday. The NYSE All Common Index improved 20 cents to $57.97, while rises held about a seven-to-five ratio lead over declining issues. Trading volume expanded to 20.48m shares from Monday's 1 pm figure of 17.20m.

However, analysts added that the news background is still depressing.

The dollar is still relatively weak. Gold prices high and a number of banks are expected to follow the move made on Monday by First National Bank of Chicago to an 11¾ per cent Prime Rate.

Active **National Airlines** gained ¼ to $49½ on volume of 852,400 shares. More than 1m National shares were traded on Monday, when late that day Pan-Am said it had bought more than 900,000 shares, bringing its ownership of National to about 35 per cent. **Pan-Am** put on ⅛ to 6⅞.

Ford eased ⅛ to $42¼. The company reported that car sales for the July 11-20 period fell 28.3 per cent. However, Chrysler, which reported a 30 per cent drop in car sales, rose ⅛ to $8¼.

Xerox gained ½ to $60¾ on higher second-quarter earnings.

Allegheny Airlines shed ⅛ to $9. It has postponed an offering of $25m of Convertible Subordinated Debentures because of adverse market conditions.

THE AMERICAN SE Market Value Index put on 0.32 to 195.60 at 1 pm on volume of 1.98m shares (1.83m).

Active **Resorts International** were unchanged at $49¾, but **Dynalectron** gained ⅜ to $12¼ and **Chieftain** ⅛ to $24¼.

Canada

Stocks on Canadian markets were also inclined to show some recovery yesterday morning in moderate activity. The Toronto Composite Index, down 11.5 on Monday, recouped 1.1 to 1,547.1 at noon. Oils and Gas put on 9.0 to 2,655.3, Golds 5.5 to 1,875.3 and Metals and Minerals 5.0 to 1,291.2. In Montreal, Papers improved 1.21 to 174.64 and Utilities 0.09 to 226.59.

Among companies that reported higher earnings, **Canada Packers** rose ¼ to C$26¾, **Imperial Oil "A"** ¼ to C$34⅜, **Alcan Aluminium** ⅛ to C$39½, **Great Canadian Oil Sands** ⅛ to C$23¼ and **Dominion Bridge** ¼ to C$36½.

Despite higher results, **Canadian Occidental Petroleum** slipped ¼ to C$41¼ and **Texaco Canada** ⅜ to C$66⅞. On lower earnings, **North Canadian Oils** lost 1⅛ to C$12¼.

Tokyo

Market was in brighter mood on selective buying, partly prompted by the easing of margin trading controls.

The Nikkei-Dow Jones Average gained 30.50 to 6,210.91 and the Tokyo SE index 2.12 to 440.87, while there was a moderate turnover of 250m shares, against Monday's light total of 200m.

Export-orientated Electricals, Vehicles and Cameras led the gains, followed by Pharmaceuticals, Shipbuildings and Heavy Electricals, on buying mainly by major investment trusts.

Toyota Motor rose Y25 to Y870, **Fuji Photo Film** Y30 to Y605, **Takeda Chemical** Y26 to Y448, **Sony** Y60 to Y1,930, **Matsushita Communication** Y70 to Y1,810, **TDK Electronic** Y50 to Y1,730 and **Honda Motors** Y7 to Y535.

However, Trading Houses remained unsettled by the 1 per cent rise in the Bank of Japan's Official Discount Rate, effective from yesterday. **Mitsui** retreated Y11 more to Y326 and **Mitsubishi** Y17 to Y519.

Some Oils were also lower on profit-taking.

Germany

After a brief initial uptrend, share prices drifted easier to close mainly lower on balance on light profit-taking, with foreign investors again showing little fresh interest in the market. The Commerzbank index shed 3.2 *more to 748.4.*

The recently strong Machine Manufacturing sector had mixed fortunes yesterday, with profit-taking leaving **Babcock** down DM 3.20 and **Linde** off DM 2.00, but **KHD** adding DM 1.50 and **Mannesmann** DM 1.30.

Chemicals posted mostly moderate losses, with **Bayer** off 80 pfennigs, although **Schering** fell DM 3.00. Chemicals have also been recently favoured on news that some of the major companies have been conducting alternative fuel and energy research and development.

Motors had **Daimler** down DM 2.50, while in Stores, **Karstadt** and **Kaufhof** decline DM 3.00 apiece. **Deutsche Bank** lost DM 1.90.

Public Authority Bonds rallied by up to 30 pfennigs. The Bundesbank sold DM 32m nominal of paper in open-market operations after buying DM 500,000 on Monday. Mark-denominated Foreign Loans were steady.

Paris

Shares were mixed to firmer *after an uneventful session at* the Paris Bourse yesterday, the first day of the new monthly trading Account.

Trading in two issues—the Sugar company **Saint-Louis** and the Mining concern **Tales de Luzenac**—were temporarily suspended due to an excessive inflow of buying orders. Both issues put on 7 per cent during the session, Saint Louis closing at FFr 110 and Tales de Luzenac at FFr 235.50.

The star performer was the Chain Store **Paris-France**, which ended the day 13 per cent higher.

Cie Bancaire strengthened a further FFr 17 to FFr 447 after *its FFr 4.90 rise on Monday* which followed news of a one-for-three free scrip issue.

Hong Kong

Profit-taking after the market's recent advance caused an easier tendency yesterday in reduced activity. The Hang Seng index, up 19.99 the previous day, came back 5.98 to 592.49.

Blue Chip and Property shares, which had led the market ahead, saw most of the selling, but dealers said this was just a technical reaction and they expected the market to improve today.

Some selling from London was cited by dealers as a minor factor in yesterday's easier trend, but they added that local buying was beginning to show again in the last half-hour of trading.

Hong Kong Bank lost 20 cents to HK$13.40, **Swire Pacific** 10 cents to HK$8.35, **Jardine Matheson** 20 cents to HK$12.20 and **Hutchison Whampoa** 5 cents to HK$5.20.

Among Properties, **Hong Kong Land** put on 10 cents more to HK$8.55, but **Hong Kong Wharf** lost 75 cents to HK$35.00.

Amsterdam

The downward trend continued, with prices closing lower over a broad front. Brokers, however, said volume was minimal, with local interest low due to the vacation period.

Losses of between one and two guilders were sustained by **KNSM, Heineken, OCE-Van der Grinten, Nationale Nederlanden** and **Pakhoed.**

Australia

Reflecting investor worries ahead of today's release of the June-quarter cost of living figures, which are expected to show an upward inflationary trend, Industrials and some Mining leaders were inclined to ease yesterday.

Brokers said London selling influenced the market and leader **BHP** retreated 18 cents to A$8.04.

Among Stores, **Waltons**, after Monday's gain of 5 cents, receded 6 cents to 76 cents, but **Woolworths** rose 5 cents to A$1.51. Banks had **BNS Wales** 6 cents down at A$3.50 and **ANZ** 3 cents off at A$2.55.

In the Minings sector, **Metals Exploration**, 60 cents, and **MIM**, A$3.20, lost 6 cents apiece.

Gold stocks, however, attracted renewed demand, **Central Norseman** advancing A$1.00 to A$88.00, **Poseidon** 6 cents to A$1.09, **GMK** 8 cents to A$1.64 and **Wattle Gully** 4 cents to 19 cents.

Uranium stocks were also firmer, with **Queensland Mines** closing 5 cents higher at A$4.30 and **Pancontinental** up 10 cents at A$14.50.

Johannesburg

Gold shares closed with a firmer bias after a quiet trade following higher Bullion indications.

Mining Financials were also harder for choice, but Platinums eased afresh in line with free market prices, **Rusplat** losing 7 cents to R2.53. Collieries were mixed, while Coppers gained ground.

A quiet but mainly firm Industrials sector had **Barlow Rand** 8 cents up at R5.95.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
◆ DM 50 denom. unless otherwise stated, yields based on net dividends plus tax.
♥ Pta 500 denom. unless otherwise stated.
♣ DKr 100 denom. unless otherwise stated.
⊕ SwFr 500 denom. and Bearer shares unless otherwise stated. ¶ Y50 denom. unless otherwise stated. ≤ Price at time of suspension. *a* Florins. *b* Schillings. *c* Cents. *d* Dividend after pending rights and/or scrip issue. *e* Per share. *f* Francs. *g* Gross div. %. *h* Assumed dividend after scrip and/or rights issue. *k* After local taxes. *m* % tax free. *n* Francs including Unilac div. *p* Nom. *q* Share split. *s* Div. and yield exclude special payment. *t* Indicated div. *u* Unofficial trading. *v* Minority holders only. *y* Merger pending. * Asked. † Bid. § Trade. ‡ Seller. *z* Assumed. *xr* Ex rights. *xd* Ex dividend. *xc* Ex scrip issue. *xa* Ex all. Δ Interim since increased.

† Bid. ‡ Asked. § Traded. ‖ New stock.

AMSTERDAM

July 24	Price Fl.	+ or —	Div. %	Yld. %
K.L.M. (Fl.100)	102.2	—0.5	35	2.9
Int. Muller(Fl.20)	35.5	—0.3	19	10.8
Nat.Ned InsFl10	108	—2	55	5.1
NedCr'dBkFl.20	57.1	—0.6	22.5	3.9
NedMidBk(Fl.50)	214.6	+0.6	24	5.6
Oce (Fl.20)	154	—2.2	38	4.9
OGEM (Fl.10)	20.4	......	24	12.0
Van Ommeren	199	......	—	—
Pakhoed (Fl.20)	54.5	—1.8	—	—
Philips (Fl.10)	23.6	—0.2	18	7.2
RijnSchVer(Fl100)	37.5	—1.0	—	—
Robeco (Fl.50)	162.5	—0.5	26.4	8.1
Rodamco (Fl.25)	103.6	+0.5	3	11.6
Rolinco (Fl.50)	132.5	......	5	—
Rorento (Fl.50)	110.7	......	19.3	4.2
RoyalDutchFl20	146.7	+0.4	53.75	7.3
Slavenburg	238.2	—0.6	21.5	9.0
TokyoPacHlds$	129.4	—10.1	$0.30	0.6
Unilever (Fl.20)	128.7	—0.5	44.8	6.9
Viking Res.	58	—0.3	$0.20	0.8
Volker StvnFl20	73.6	—1.4	30	8.0
West.Utr.Hypok	367.5	—2.3	33	4.4

COPENHAGEN ♣

July 24	Price Kroner	+ or —	Div. %	Yld. %
Andelsbanken	159¾	+¼	12	7.9
Danske Bank	120½	+½	12	9.9
East Asiatic Co.	131¾	+½	10	7.6
Finansbanken	160	+¾	16	10.0
Bryggerier	312	+½	12	3.9
For Papir	108¼	+¼	—	—
Handelsbank	120¾	+¼	12	9.1
G Nthn H (Kr90)	310	......	12	3.5
Nord Kabel	175¼	......	12	6.9
Novoind'stries B	216	—¼	10	4.7
Oliefabrik	144	+1	6	4.1
Privatbank	131¼	......	13	9.9
Provinsbank	135¾	+¼	12	8.9
Soph.Berensen	310	—¼	13	4.2
Superfos	163¼	+¾	12	7.8

VIENNA

July 24	Price %	+ or —	Div. %	Yld. %
Creditanstalt	336	......	10	2.9
Perlmooser	290	—4	9	3.1
Selecta	558	+1	38	6.6
Semperit	76	......	—	—
Steyr Daimler	208	......	9	4.3
Veit Magnesit	277	......	10	3.6

EUROPEAN OPTIONS EXCHANGE

Series		Oct. Vol.	Oct. Last	Jan. Vol.	Jan. Last	April Vol.	April Last	Stock
ABN C	F.330	5	10.50	—	—	—	—	F.336.60
AKZ C	F.27.50	10	1.90	6	2.60	—	—	F.27.30
AKZ C	F.30	6	0.80	23	1.60	—	—	„
AKZ C	F.32.50	65	0.30	10	0.70	—	—	„
AKZ C	F.35	5	0.20	—	—	—	—	„
AKZ P	F.30	—	—	20	2.50	20	3	„
ARB C	F.75	4	0.50	—	—	—	—	F.71.50
HO C	F.30	5	2.10	—	—	—	—	F.29.70
HO C	F.32.50	80	0.90	—	—	—	—	„
IBM C	$70	—	—	5	4⅛	—	—	$69
IBM C	$75	20	1⅛	2	2½	—	—	„
IBM C	$80	11	⅜	—	—	—	—	„
KLM C	F.100	—	—	1	6.70	—	—	F.102.50
KLM C	F.110	13	1.60	7	3.70	—	—	„
KLM P	F.100	—	—	6	6.50	—	—	„
NN C	F.110	13	2	22	4.10	—	—	F.108
PET C	Fr.4800	1	480	—	—	—	—	Fr.5030
PET C	Fr.5000	—	—	4	440	—	—	„
PHI C	F.22.50	8	2	2	2.80	6	3.50	F.23.70
PHI C	F.25	177	0.80	16	1.80	50	2	„
PHI C	F.27.50	—	—	40	0.70	—	—	„
PRD C	$35	65	½	—	—	—	—	$28
RD C	F.135	8	12.50	—	—	—	—	F.146.20
RD C	F.140	20	8.30	—	—	10	11	„
RD C	F.145	47	5.50	1	7.10	—	—	„
RD C	F.150	31	3.70	10	5.60	2	7	„
RD C	F.160	30	1.20	10	2.50	—	—	„
RD P	F.140	20	2.60	—	—	—	—	„
RD P	F.145	7	5	—	—	—	—	„
		Aug.		Nov.		Feb.		
BAZ C	$40	—	—	10	5	—	—	$39¾
BAZ C	$45	—	—	10	1⅛	—	—	„

TOTAL VOLUME IN CONTRACTS 943
C=Call P=Put

BASE LENDING RATES

A.B.N. Bank	14 %
Allied Irish Banks Ltd.	14 %
Amro Bank	14 %
American Express Bk.	14 %
A P Bank Ltd.	14 %
Henry Ansbacher	14 %
Associates Cap. Corp.	14 %
Banco de Bilbao	14 %
Bank of Credit & Cmce.	14 %
Bank of Cyprus	14 %
Bank of N.S.W.	14 %
Banque Belge Ltd.	14 %
Banque du Rhone et de la Tamise S.A.	14½ %
Barclays Bank	14 %
Bremar Holdings Ltd.	15 %
Brit. Bank of Mid. East	14 %
■ Brown Shipley	14 %
Canada Perm't Trust	14 %
Cayzer Ltd.	14 %
Cedar Holdings	14 %
■ Charterhouse Japhet	14 %
Choulartons	14 %
C. E. Coates	14 %
Consolidated Credits	14 %
Co-operative Bank	*14 %
Corinthian Secs.	14 %
Credit Lyonnais	14 %
The Cyprus Popular Bk.	14 %
Duncan Lawrie	14 %
Eagil Trust	14 %
English Transcont.	14 %
First Nat. Fin. Corp.	15½ %
First Nat. Secs. Ltd.	15½ %
■ Antony Gibbs	14 %
Greyhound Guaranty	14 %
Grindlays Bank	‡14 %
■ Guinness Mahon	14 %
■ Hambros Bank	14 %
■ Hill Samuel	§14 %
C. Hoare & Co.	†14 %
Julian S. Hodge	15 %
Hongkong & Shanghai	14 %
Industrial Bk. of Scot.	14½ %
Keyser Ullmann	14 %
Knowsley & Co. Ltd.	15½ %
Lloyds Bank	14 %
London Mercantile	14 %
Edward Manson & Co.	15 %
Midland Bank	14 %
■ Samuel Montagu	14 %
■ Morgan Grenfell	14 %
National Westminster	14 %
Norwich General Trust	14 %
P. S. Refson & Co.	14 %
Rossminster	14 %
Ryl. Bk. Canada (Ldn.)	14 %
Schlesinger Limited	14 %
E. S. Schwab	15 %
Security Trust Co. Ltd.	15 %
Shenley Trust	16 %
Standard Chartered	14 %
Trade Dev. Bank	14 %
Trustee Savings Bank	14 %
Twentieth Century Bk.	15 %
United Bank of Kuwait	14 %
Whiteaway Laidlaw	14½ %
Williams & Glyn's	14 %
Yorkshire Bank	14 %

■ Members of the Accepting Houses Committee.
* 7-day deposits 11½%. 1-month deposits 11¾%.
† 7-day deposits on sums of £10,000 and under 11½%, up to £25,000 12% and over £25,000 12¼%.
‡ Call deposits over £1,000 11½%.
§ Demand deposits 11½%.

Coffee price fall accelerates

By Richard Mooney

THE DECLINE in world coffee prices picked up speed yesterday with the September position on the London futures market ending £126.5 lower at £1,692.5 a tonne. September coffee has now fallen more than £270 in the past week.

Dealers said "tired" selling by speculators had been encouraged by the milder weather situation in Brazil. Last weekend had been taken as the peak of the frost risk season. So with no serious damage to the crop the market had taken on a distinctly bearish appearance.

But dealers warned that the risk of frost will not be completely over for another month at least.

Yesterday's price fall was also influenced by the continuing strength of sterling.

The rise in the value of the pound also pushed cocoa prices lower on the London futures market. The September quotation closed £35 lower at £1,367 a tonne after a day of quiet trading.

UK opposes 'crazy' French ideas on lamb market

BY MARGARET VAN HATTEM IN BRUSSELS

FRENCH AND Irish attempts to protect their lamb and mutton producers from British competition ran into opposition here yesterday from Mr. Peter Walker, the UK Minister of Agriculture.

Farm ministers were discussing EEC Commission proposals to extend the Common Agricultural Policy to sheep meat. Both France and Ireland, as producers, are anxious to protect the highly-priced French market from possible undercutting by British farmers.

French prices have, in recent years, been more than twice as high as Britain's, though the gap is gradually narrowing.

British prices for the first half of this year were about 70 per cent of the French.

The French Government has in the past protected its producers by imposing high levies on British exports. A judgment on the legality of this is expected soon from the European Court of Justice. The case is similar to that against the UK in relation to curbs on potato imports, which the court found to be illegal.

Both the French, and the Irish, who export small quantities of lamb and mutton to France, would like a full-scale market regime with guaranteed prices and intervention buying. Since other EEC states are unlikely to accept this, however, they are pressing for Community financed payments to sheep farmers to offset the effects of any drop in prices.

Mr. Walker yesterday described the Franco-Irish aims as "crazy," in view of the already high cost of the EEC farm budget.

Whereas most other member states appeared ready to consider such payments so long as they were phased out over a couple of years, Mr. Walker said he felt any such payments should be nationally funded, not paid by the Community.

The issue has been shelved until the autumn, when the Commission is expected to put forward similar proposals for potatoes and alcohol. Mr. Walker indicated that he might well oppose these also, if they looked like adding substantially to the budget.

Sterling rise hits metals

By Our Commodities Editor

METAL PRICES came under pressure yesterday on the London markets with the further rise in the value of sterling.

Cash tin dropped by another £140 to £6,425 a tonne, making a loss of nearly £900 in the past 10 days.

The fall also reflects the easing in the supply situation with the cash price discount widening again yesterday as the three months quotation declined by only £50 to £6,537.5.

Traders claimed that copper prices were remarkably steady, with cash wirebars closing only £2.25 down at £799 a tonne.

The firm tone was encouraged by news that Asrco, the U.S. producer, had lifted its domestic copper price by 1 cent to 86 cents a pound.

Silver prices in sterling terms were lower despite the record dollar price of 958.20 cents an ounce at the morning bullion fixing. Values in London eased further when the U.S. markets turned round and opened easier.

Lead defied the general downward trend in metals, however. Cash lead rose by £14.5 to £543.5 a tonne, widening its premium over the three months quotation, following further reports of buying by Communist bloc countries.

JAMAICA

Bauxite levy battle nearly resolved

BY CANUTE JAMES IN KINGSTON

THE JAMAICAN Government and the five bauxite and alumina companies operating on the island are reported to be close to an agreement which will cut the special levy on bauxite paid by the companies. The Government and companies have been renegotiating the production levy following three years of claims by the North American-owned companies that the taxation levels were too high.

The companies are understood to have informed the Government that their plans for expansion of existing mines, the development of new mines, and increase in bauxite refining facilities are being hindered by the high taxes. They have suggested that unless the levy is lowered, the industry, a pillar of the Jamaican economy, will stagnate.

Investment

The Government needs new investment badly. The economy is suffering from a chronic shortage of foreign exchange despite a recently negotiated agreement with the International Monetary Fund for access to 320m SDRs.

The country also needs new investment by the bauxite operators—partly to help relieve an unemployment rate of 26 per cent. At the same time further investments by the North American metals transnationals might be accepted by other potential foreign investors as an indication of confidence in Jamaican ability to maintain political and economic stability.

If the Government were to satisfy the companies' request for a lowering of the bauxite levy, and clear the way for expansion in the industry, Jamaica would be in a favourable position to make full use of new market possibilities which it is now securing.

There is, for example, a plan to sell, in 1981-82, substantial quantities of bauxite and alumina to Hungary, and alumina to the Soviet Union and Algeria.

The need for the mining and refining companies' expansion has also been increased in recent months by the failure of a refining project in which Jamaica was involved with Mexico and Venezuela. The plan was for a refinery, jointly owned, with Jamaica holding majority assets, to be built on the island's south coast, to supply smelters in Mexico's Veracruz state, and Venezuela's Ciudad Bolivar.

The project was agreed to when Luis Echeverria was President of Mexico. But despite a personal visit by Mr. Michael Manley, Jamaica's Prime Minister, to Echeverria's successor, Lopez Portillo, in an effort to secure Mexico's continuing interest in the venture, the Mexicans withdrew.

It is against this background that Jamaica has agreed to renegotiate the bauxite levy. The levy was imposed four years ago after the companies and the Government failed to reach agreement on taxes. The Government introduced in the legislation rising taxes and increased the state's take from the industry from about $25m per year to over $150m.

The companies paid under protest but warned that the high taxation levels would have very negative consequences for their operations and for the Jamaican economy.

Appeal

One U.S. company, Revere Copper and Brass, closed its 220,000 tonne refinery, the smallest on the island, and took the matter to the U.S. Overseas Private Investment Corporation. After several months of hearings, OPIC sugested compensation far below what Revere was asking.

Two of the companies appealed to the World Bank-affiliated International Centre for the Settlement of Investment Disputes, where the matter has apparenly died.

However, the Jamaican economy has not reaped all the profits it expected from the levy. A recession in the aluminium market in 1975 and 1976 led to a reduction in the mining of ore from 15m tonnes per year to just under 12m tonnes. Despite a recovery in aluminium demand, the volume of ore mined each year has not increased, leading to suggestions from both Government and opposition sources that the companies were deliberately holding back.

The production levy is tied to the market price of aluminium ingot, having been set at 7½ per cent of the average U.S. market price of aluminium. With recent increases in the market price of the metal, Jamaica has been able to recoup on what has been lost in the reduction of mining.

Wide effect

The five companies operating in the island are Reynolds and Kaiser, which mine ore, and Alcoa, Alcan and Alpart, which run refineries. Alpart is jointly owned by Reynolds, Kaiser and Anaconda. Despite the reduction in bauxite production, the output of these five makes Jamaica the world's second largest exporter after Australia.

Consequently, the outcome of the talks with the companies is likely to have an effect on bauxite operation in other countries which have recently changed or are thinking of changing taxation policies.

It is understood that the five companies are asking for the levy to be pegged at 4 per cent of the average realised market price for aluminium ingot—a figure to which the Government is unlikely to agree.

It has been suggested in Kingston that the Government is unwilling to go beyond below 6 per cent, as it fears that the economic benefits from new investment and expansion will not compensate if the levy is set below that figure.

Mr. Eric Bell, Jamaica's Finance Minister, has said the Government will not be the loser when the negotiations are concluded. But all this hangs on the compensatory value to the island's economy of the new infusions of urgently needed foreign capital which the bauxite companies are willing to bring to Jamaica.

Mackerel quotas cut

By Our Commodities Staff

THE GOVERNMENT has decided to reduce quotas for catching mackerel off the west coast of Scotland under existing licensing arrangements.

From August 4, weekly catch allocations will be reduced by between 10 per cent and 20 per cent depending on the size and type of vessel involved, according to a Ministry of Agriculture statement released yesterday.

But the licensing restrictions will be relaxed to allow vessels to land or tranship up to an extra 15 per cent over the weekly quota provided there is a corresponding shortfall the following week.

Groundnut meal exports to fall

NEW DELHI—India expects to export only 600,000 to 650,000 of its planned 1979-80 quota of 900,000 tonnes of groundnut meal, sources at the State Trading Corporation said.

This compares with about 460,000 tonnes last year.

The fall below target is blamed on port congestion and difficulties with bunker fuel following price increases.

Reuter

'Hard times ahead for farmers'

BY ROBIN REEVES, WELSH CORRESPONDENT

A WARNING that the farming industry is entering a new and more difficult phase was issued yesterday by Mr. T. Myrddin Evans, president of the Farmers' Union of Wales.

Speaking at the Royal Welsh Show in Builth Wells, Mr. Evans pointed out that the strengthening of sterling had effectively wiped out the room for farm price increases through devaluations of the "green pound."

The green pound gap had been closed from just over over 35 per cent in July, 1977, down to 4.7 per cent this July. "Unless the pound weakens considerably—which is unlikely—we are now entering a period in which there will be no avenue for the price increases of recent years," he said.

At the same time, Mr. Evans warned the industry was faced with soaring production costs, well into double figures. The effects of inflation, increasing oil prices and wage settlements in the industries serving agriculture would fuel this costs spiral.

"The price of fertilisers will increase substantially, there is likely to be a 20 per cent rise in haulage rates and the general increases in transport costs could add over a £1 a tonne to the price of fertilisers and farm feeds," he said.

These higher production costs and increased pressures on margins, he suggested, would force farmers to borrow at record levels.

Mr. Evans said the Conservative Government had largely implemented its pre-election pledges to the industry at the Brussels price review. There were other measures which could help the industry—particularly in reducing the tax burden—but in spite of indications that the Government was sympathetic towards the industry, the current economic situation presented few opportunities for anything more than cosmetic assistance.

World sugar values down again

BY JOHN EDWARDS, COMMODITIES EDITOR

WORLD SUGAR values fell heavily again yesterday. The London daily sugar price was cut by £4 to £92.50 a tonne—the lowest level since August 1978.

On the futures market, the October position was £2.75 down on the previous close at £99.55 a tonne, after having sunk to £98.45 at one stage.

As on Monday, a major cause of the continued decline was the rise in the value of sterling depressing London prices against the New York market.

At the same time, New York has been hit by reports that legislation authorising the U.S. to ratify the International Sugar Agreement is now thought unlikely to be considered by Congress before it goes into the summer recess on August 4.

A selling tender by Colombia, which, as a non-member of the International Sugar Agreement has tended to reduce prices, was another depressing influence.

In Washington, World Bank economists forecast a slowdown in the growth of world sugar production to between 2.2 and 2.6 per cent per year from 1976 to 1990, averaging below the 3.1 per cent growth annually from 1960 to 1975, reports Reuter.

Production is expected to reach between 121 and 127m tonnes by 1990.

Sugar consumption meanwhile is expected to increase about 2.8 per cent per year to 1990.

Reuter

New moves in Hong Kong gold futures scheme

HONG KONG—Approval for gold futures trading on the Hong Kong Commodity Exchange could come in about a month, informed sources said.

They said exchange proposals for trading in gold and soyabean futures had been passed by the Securities and Commodities Commission to the Financial Secretary for further consideration.

The proposals would then have to be approved by the Executive Commission.

Commodity traders said the proposed gold futures contract was similar to those traded in New York and the Chicago International monetary market.

The idea was for the contracts to be interchangeable between Hong Kong and the U.S. markets, although this would need the approval of the U.S.

Reuter

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Barely changed on balance on the London Metal Exchange despite the further rise in sterling. Forward metal edged up to £817 in the morning following modest fresh buying interest.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	797-8	-2.75	798.5-9.5	-2.25
3 months	817-.5	......	818-.5	-1.5
Settlem't	798	-2.5	—	......
Cathodes				
Cash	778-7	-2.5	777-9	-5
3 months	798.5-9	-2.25	799-801	-2.5
Settlem't	777	-3	—	......
U.S. Smt.	—	......	*84-87½	......

In the afternoon a lower than expected Comex opening saw the price dip to £813 but a strong recovery in New York promoted renewed buying here and the price rose to £821 before closing at £818.5. Turnover: 22,900.

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £798, three months £816, 15, 15.5, 16, 17, 17.5, 17. Cathodes, three months £799, 98.5, 99. Kerb: Wirebars, three months £817. Afternoon: Wirebars, cash £800, 799, three months £817, 18, 18.5, 18, 19, 18, 18.5, 18. Kerb: Wirebars, three months £820, 21, 20, 19, 18.

TIN—Lost further ground owing to persistent general selling and the rise around £6,600 and gradually declined to in sterling. Forward metal opened close the kerb at £6,520 with the contango widening to £110 towards the close. Turnover: 1,185 tonnes.

Morning: Standard, cash £6,540, 35, 45, 20, three months £6,580, 85, 80, 75. Kerb: Standard, three months £6,575, 70. Afternoon: Standard, cash £6,490, three months £6,580, 70, 50, 40, 30,

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	6520-30	-60	6420-30	-140
3 months	6575-95	+5	6535-50	-50
Settlem't	6530	-50	—	......
Standard				
Cash	6520-30	-50	6420-30	-140
3 months	6575-85	+5	6535-40	-50
Settlem't	6530	-50	—	......
Straits E.	‡$1930	......	—	......
New York	—	......	—	......

40, 35. Kerb: Standard, three months £6,560, 25, 10, 15.

LEAD—Moved ahead following trade speculative and reported East European buying, coupled with short covering which pushed forward metal up to the day's high of £524 on the late kerb. Turnover: 9,000 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	543-.5	+8.25	543.4	+14.5
3 months	523.5-4	+11.5	522-3	+10.7
S'ment	543.5	+7.5	—	......
U.S. Spot	—	......	*58-62	......

Morning: Cash £542, 44, 45, 44, 43, three months £521, 22, 23, 22.5, 22, 21, 20, 23, 24, 24.5, 25, 23, 24. Kerb: Three months £524. Afternoon: Three months £521, 20, 18, 19, 21, 20, 21, 22, 23, 22.5. Kerb: Three months £523, 24.

ZINC—Easier in quiet trading, with forward metal finally £324.5 on the late kerb. Turnover: 8,575 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	315-.6	-4.5	314-.5	-4
3 months	325.5-5.5	-3.5	325-.5	-3.25
S'ment	316	-5	—	......
Prim w'st	—	......	*39.5	......

Morning: Cash £316, three months £327, 26, 25.5, 26, 27, 26. Afternoon: Three months £324, 25, 26, 25.5. Kerb: Three months £326, 25.

ALUMINIUM—Easier mainly reflecting currency fluctuations. Forward metal traded between £661 and £665 prior to closing at the former price on the late kerb. The backwardation narrowed to around £7 from £12 overnight. Turnover: 1,425 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unoffic'l	†+ or —
	£	£	£	£
Spot	599-75	-16	566-8	-18
3 months	563-.5	-11.5	561-2	-6

Morning: Three months £665. Kerb: Cash £669, three months £661. Afternoon: Three months £665, 62, 61, 62. Kerb: Three months £661, 62, 63.

NICKEL—Lost ground with forward metal finally quoted at £2,510 on the late kerb, after a low of £2,500, with the market influenced by the further improvement in sterling. Turnover: 1,512 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
Spot	2490-5	-97.5	2430-40	-125
3 months	2530-40	-100	2490-5	-112

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

Morning: Three months £2,570, 50, 40. Kerb: Three months £2,520, 2,500. Afternoon: Three months £2,500, 10, 2,500, 2,495, 90. Kerb: Three months £2,500, 20.

SILVER

Silver was fixed 5.0p an ounce lower for spot delivery in the London bullion market yesterday at 412.3p. U.S. cent equivalents of the fixing levels were: Spot 958.2c, up 2.1c; three-month 979.7c, up 2.4c; six-month 1001.1c, up 3.6c; and 12-month 1037.3c, up 7.4c. The metal opened at 415-418p (961-963c) and closed at 416¾-417¾p (946-948c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. close	+ or —
Spot	412.3p	-5.9	407.4p	-9.5
3 months	424.3p	-5.5	419.35p	-8.55
6 months	434.7p	-5.0	—	......
12 months	453.10p	-4.75	—	......

LME—Turnover 323 (121) lots of 10,000 ozs. Morning: Three months 425.5, 24.5, 24.4, 24.5, 24.7. Kerb: Three months 424.3, 24.5, 24.7. Afternoon: Three months 420, 19.5, 19.3, 19, 19.2, 19.4, 19.3. Kerb: Three months 419, 18.8, 18.5.

COCOA

Cocoa futures continued to ease reflecting currency considerations to close marginally above the lows of the day, reported Gill and Duffus.

COCOA	Yesterd'y's Close	+ or —	Business Done
July	1338-1350	-34.0	1360-42
Sept	1366-1368	-4.2	1391-65
Dec	1432-1433	-3.85	1455-29
March	1480-1481	-3.2	1510-1477
May	1510-1512	-3.0	1528-10
July	1533-1534	-2.25	1540-30
Sep	1596-1597	-2.0	1560-56

Sales: 7,137

International Cocoa Organisation (U.S. cents per pound): Daily price July 23, 146.55. Indicator prices for July 24 15-day average 148.99; 22-day average 151.96.

COFFEE

Robustas opened sharply lower once again to continue the recent bearish trend, reported Drexel Burnham Lambert. In the afternoon progressive selling, which eventually triggered a stop-loss operation, contributed towards the market's easier tendency and values finished around the lows of the day when support failed to gain any real strength. Prices closed £109.00 to £126.5 down on the day.

COFFEE	Yesterdays Close £ per tonne	+ or —	Business Done
July	1660-65	-119	1730-1685
September	1690-95	-126	1780-1681
November	1695-98	-117	1780-1690
January	1700-03	-111	1780-1700
March	1671-65	-109	1750-1678
May	1655-60	-112	1730-1648
July	1640-55	-111	1700-1659

Sales: 11,828 (8,588)

ICS indicator prices for July 23 (U.S. cents per pound): Other Mild Arabicas 206.0 (210.0); Robustas ICA 1976 195.5 (200.0); ICA 1968 195.75 (200.25); Colombian Mild Arabicas 213.0 (218.0); Unwashed Arabicas 206.00 (same). Comp. daily ICA 1968 203.42 (206.42).

GRAINS

Mnth	WHEAT Yesterd'ys close	+ or —	BARLEY Yesterdys close	+ or —
Sept.	92.10	......	88.05	-0.85
Nov.	96.25	......	92.20	-0.10
Jan.	100.35	-0.10	96.40	-0.15
Mar.	103.80	-0.05	99.75	-0.15
May	107.25	-0.10	103.05	-0.15

Business done—Wheat: Sept. 92.05-91.00, Nov. 96.25-96.05, Jan. 100.40-100.25, March 103.85-103.65, May 107.35-107.20. Sales, 179. Barley: Sept. 88.00-87.90, Nov. 92.10-91.95, Jan. 96.25-96.15, March 99.70-99.45, May 103.00-102.90. Sales, 118.

HGCA—Location ex-farm spot prices. Feed barley: Berks. and Oxon 86.50.

The UK Monetary Coefficient for the week beginning July 30 is expected to decrease to 1.527.

IMPORTED—Wheat: CWRS No. 1 13½ per cent unquoted. U.S. Dark Northern Spring No. 2 14 per cent, July 95.50; Aug. 94.50; Sept. 95.50, transhipment East Coast. U.S. Hard Winter 13½ per cent, Aug. 96.25, transhipment East Coast. EEC unquoted. Maize: U.S./French July 107, Aug. 108 transhipment East Coast. South African White unquoted. South African Yellow Aug. 82 nominal. Barley: English feed fob Aug. unquoted, Sept. unquoted, Oct.-Dec. 93.50 East Coast, Jan., March 100.50 East Coast. Sorghum: U.S./Argentine unquoted. Oats: Scandinavian feed unquoted.

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order buyer, seller, business, sales). Micron Contract: Oct. 405.5, 406.0, 407.0-405.0, 16; Dec. 413.5, 414.0, 415.5-413.0, 40; March 419.0, 421.0, 421.5-418.5, 80; May 421.0, 423.0, 423.0-421.0, 54; July 424.5, 425.0, 425.5-424.5, 12; Oct. 427.0, 427.5, 428.0-427.5, 7; Dec. 429.0, 430.0, 430.0-429.5, 5. Sales: 204.

LONDON GREASY—Close (in order buyer, seller, only). July 218.0, 228.0; Oct. 218.0, 233.0; Dec. 218.0, 238.0; March, May, July, Oct., Dec. 228.0, 238.0.

NEW ZEALAND CROSSBREDS—Close (in order buyer, seller only). July 160.0, 177.0; Oct. 179.0, 180.0; Dec. 179.0, 183.0; March 180.0, 189.0; May, July, Oct., Dec. 180.0, 191.0.

RUBBER

The London physical market opened easier. Little interest throughout the day, closing weak. Lewis and Peat reported a Malaysian godown price of 290 nom. (294) cents a kilo (buyer, August).

No. 1 R.S.S.	Yesterd'ys Close	Previous Close	Business Done
Aug.	57.50-58.40	80.20-80.25	58.80-58.25
Sept.	58.50-60.00	60.90-61.40	—
Oct-Dec	60.70-60.80	65.85-63.15	61.80-60.75
Jan-Mar	63.30-63.35	65.75-65.80	65.75-63.55
Apr.-Jne	65.70-65.75	68.05-68.10	66.95-65.70
Jly.-Sept	67.60-67.85	70.50-70.40	69.20-67.90
Oct-Dec	70.20-70.30	72.65-72.75	71.25-70.38
Jan-Mar	72.58-72.60	74.85-75.00	73.80-72.55
Apr-Jne	75.00-75.05	77.30-77.35	76.15-74.98

Sales: 645 (344) at 15 tonnes and 3 at 5 tonnes.

Physical closing prices (buyer) were: Spot 57.0p (59.59p); Aug. 62.50p nom. (64.25p); Sept. 62.75p nom. (64.50p).

SOYABEAN MEAL

The London market opened with losses of £2-£2.50 on beneficial rains and forecast of further showers in Mid-West growing areas, reported T. G. Roddicks. Continued strength in sterling put additional pressure on the market. Late in the day, stop-loss selling pushed prices to contract lows.

	Yest'rd'y Close £ per tonne	+ or —	Business Done
August	107.90-08.0	-3.55	110.00-07.90
October	115.80-15.8	-4.2	118.00-15.40
December	117.60-17.7	-3.95	121.50-16.80
February	119.80-20.5	-3.2	121.80-20.00
April	121.00-24.0	-3.2	123.00
June	122.00-27.0	-2.25	—
August	125.00-29.0	-2.0	—

Sales: 187 (60).

SUGAR

LONDON DAILY PRICE (raw sugar): £92.50 (£96.50) a tonne cif for July-Sept. shipment. White sugar daily price was £94.0 (£96.0).

Renewed selling found buyers retreating scale-down and prices quickly fell 100 points below overnight levels. Further losses of around 150 points occurred later, following reports that two cargoes of prompt raws had been sold to Japan at $183.00 c. and f. before some short-covering late in the afternoon lifted prices some 100 points from the lows, reported C. Czarnikow.

Sugar Pref. Comm. Con.	Yester-day's Close	Previous Close	Business Done
	£ per tonne		
Aug.	95.55-95.65	99.80-100.15	100.85-94.85
Oct.	98.50-98.60	102.30-02.40	102.40-98.45
Dec.	105.50-05.85	108.85-08.45	108.40-02.75
March	110.50-13.60	115.55-13.50	115.50-09.50
May	113.80-14.00	116.40-16.50	116.60-13.60
Aug.	118.25-19.55	120.25-20.90	120.00-18.75
Oct.	121.50-22.50	123.50-24.25	123.75-21.75

Sales: 4,910 (3,297) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £279.50 (same) a tonne for home trade and £162.5 (£167.0) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port). Prices for July 23: Daily price 8.51 (same); 15-day average 8.64 (same).

WHITE SUGAR — Close (in order buyer, seller, business, sales). Sept. 92.50, 93.50, 95.25-91.00, 170; Nov. 96.00, 97.25, 100.00-96.00, 150; Feb. 104.50, 105.00, 109.50-106.50, 61; April 108.50, 110.00, nil, nil; July 112.50, 114.00, nil, nil; Sept. 117.00, 124.00, nil nil; Nov. 120.00, 128.00, nil, nil. Sales: 381.

*

GRIMSBY FISH—Supply good. Demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £4.80-£5.50, codlings £3.00-£3.60; large haddock £5.00-£5.30, medium £3.50-£4.50, small £2.00-£3.00; large plaice £5.40-£5.90, medium £4.70-£5.70, best small £3.80-£4.80; skinned dogfish (medium) £6.00; lemon soles (large) £7.00, medium £8.00; rockfish £2.00-£2.60; reds £1.80-£2.40; saithe £2.80-£3.20.

PRICE CHANGES

In tonnes unless otherwise stated

	July 24 1979	+ or —	Month ago
Metals			
Aluminium	£710/50	....	£710/50
Free Mkt (cs)	$1520/40	+30	$1,515/55
Copper			
Cash w'bar	£799	-2.25	£891
3 mth „	£818.25	-1.5	£905.25
Cash Cathode	£778	-0.5	£865
3 mth „	£800	-2.5	£886
Gold troy oz.	$305.875	+1.8	$283.37
Lead cash	£543.5	+14.5	£602
3 mth	£522.5	+10.15	£570.5
Nickel	£3225.4	....	£3,225.4
Freemkt (cif)(lb)	$250/275c	-5	270/300c
Platin'm tr'y oz	£156.5	....	£185
Free mkt	£177.5	-4.2	£202.70
Quicksil'ver	$285/310	-5	$300/32
Silver troy oz	412.3p	-5	408.10p
3 months	424.3p	-5.5	420.7p
Tin cash	£6,425	-140	£7,865
3 mths	£6,537.5	-50	£7,085
Tungsten	$143.12	....	$141.61
Wolfrm 22.04 cif	$134/140	....	$146/51
Zinc cash	£314.5	-4	£351
3 months	£325.25	-3.25	£361
Producers	$846	....	$846
Oils			
Coconut (Phil)	£1,140x	-10	$1,160
Groundnut	‡	....	‡
Linseed Crude	£398	....	£400
Palm Malayan	$679t	-5	$700p
Seeds			
Copra Philip	$757.50x	....	‡
Soyabean (U.S.)	$330.5t	-10	$358.75
Grains			
Barley Futures	£92.10	-0.10	£91.95
Maize			
French No 3 Am	£107	....	£110.0
Wheat			
No. 1 Red Spg.	£95.50	-1.75	‡
No2HardWint.	£96.25p	-2.0	107.25
Eng. Milling †	‡	....	‡
Other commodities			
Cocoa ship't	£1,472	-35	£1,694.5
Future Sept.	£1,367	-35	£1,599.5
CoffeeF't'r Sep	£1,692.5	-126.5	£2,052.5
Cotton A'index	77.25c	+0.2	76.75c
Rubber kilo §	57.05p	-2.5	65.0p
Sugar (Raw)	£92.5	-4	£101.0
Wooltp's 64s kl	266p	....	273p

* Nominal. † New crop. ‡ Unquoted in tonnes, unless otherwise stated. p August. s July-Aug. t Sept. w Sept.-Oct. x Oct. y Nov. z Indicator. § Buyer.

COTTON

LIVERPOOL—Spot and shipment sales amounted to 62 tonnes, bringing the total for the week so far to 119 tonnes. Slow trading persisted with only minor replenishment operations taking place. Most of the interest centred on African, Turkish and Russian qualities.

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scottish killed sides 64.0 to 68.0; Eire hindquarters 78.0 to 82.0, forequarters 41.0 to 44.0. Lamb: English small 50.0 to 64.0, medium 54.0 to 58.0, heavy 50.0 to 58.0. Imported frozen NZ PL 49.0 to 50.5, PM 48.0 to 49.5. Pork: English, under 100 lb 35.0 to 44.0, 100-120 lb 35.0 to 43.0, 120-160 lb 34.0 to 41.0.

MEAT COMMISSION—Average fatstock prices at representative markets on July 24. GB cattle 81.39p per kg. l.w. (−0.81): UK sheep 138.6p per kg. est.d.c.w. (−7.2); GB pigs 58.5p per kg. l.w. (−0.1). England and Wales: Cattle numbers down 3.6 per cent, average price 79.09p (−1.19); Sheep numbers down 7.2 per cent, average price 138.6p (−7.1): Pig numbers down 5.2 per cent, average price 58.1p (−0.1). Scotland: Cattle numbers up 16.1 per cent, average price 87.38p (−0.85); Sheep numbers up 44.7 per cent, average price 136.8p (−14.8): Pig numbers up 12.1 per cent, average price 60.8p (−0.8).

COVENT GARDEN—Prices in sterling per packet except where otherwise stated: Imported Produce: Oranges—S. African: Navels 4.60-8.30; Brazilian: 4.00-4.40; Californian: 6.80-7.20. Lemons—Jaffa: Trays 40/45 2.80: Italian: 100/120's 5.60-5.80; Spania: Trays 30/40/45 2.30-2.80. Grapefruit—Jaffa: Summer crop 4.60-5.00; S. African: 27/72 3.70-5.30; Jamaican: 27/56's 4.20-6.00. Apples—S. African: Granny Smith 5.60-6.50, Starking 4.00-4.50, Yorks 5.00-6.00, Golden Delicious 5.50-5.80; New Zealand: Red Dougherty 6.80-7.00, Granny Smith 7.00-7.40, Sturmers 5.40-5.50; Tasmanian: Sturmer Pippins 4.50-5.20, Crofton 5.50-6.50, Granny Smith 5.00-5.20; Victorian: Granny Smith 6.50, Democrats 6.00; W. Australian: Granny Smith 6.00; French: Golden Delicious 72's 2.50, 84's 2.20, jumble pack per pound 0.05-0.08; Italian: Rome Beauty 0.09, Democrats, per pound 0.05. Pears—Victorian: Winter Nelis 4.30-4.80; Spanish: Limoneras 0.15-0.16; French: Guyots 28-lb 3.00-3.10; Italian: Guyots 0.15-0.17; Plums—Spanish: Santa Rosa 2.00-3.00, Burbanks 1.80-2.20; Italian: Burbanks 0.22-0.27, Goccia d'Oro 0.15. Greengages—French: 20-lb 2.80. Grapes—Cyprus: Cardinal, per pound 0.25, Sultan 0.20, Thompson 0.40. Peaches—Italian: 1½ trays C's 1.80-2.00, B's 2.30-2.40, A's 2.60-2.70. Nectarines—Italian: O/A's 5.00-6.00. Apricots—Hungarian: 3.00. Bananas—Jamaican: Per 28-lb 4.40. Avocados—S. African: 3.80-4.00. Melons—Spanish: Small trays, green 2.50, Yellow Honeydew 10-kilos 5/14's 2.40-3.00. Watermelons—Spanish/Greek: Per box 2.00-2.50. Onions—Spanish 4.50-5.40; Maltese: 4.50-5.00. Tomatoes—Jersey: Per tray 1.60-1.80; Dutch: 1.80; Guernsey 2.00-2.20. Cabbages—Dutch: White, net 6.00. Potatoes—Cyprus: 3.60; Jersey: Per pound 0.07. Capsicums—Dutch: 2.60.

English Produce: Potatoes—New crop per bag 2.10-2.30. Lettuce—Per 12 round 1.20-1.30, Cos 1.20, Webb's 1.20. Mushrooms—Per pound 0.60-0.70. Apples—Per pound Bramley 0.05-0.09. Rhubarb—Per pound outdoor 0.04. Tomatoes—Per 10-lb 1.20-1.70. Cucumbers—Trays 8/18's 1.00-1.80, prepack 1.20-1.80. Cauliflowers—12's Lincoln 2.30-2.80. Celery—Boxes 12/30's 1.50-1.60, large cartons 20/24's 2.80. Strawberries: Per ½-lb 0.15-0.25. Gooseberries—Per pound 0.16, Levellers 0.20-0.25. Cherries—Per pound 0.30-0.35. Peas—Per pound 0.07. Broad beans—Per pound 0.06. Onions—Per bag 5.00-5.20.

AMERICAN MARKETS

NEW YORK, July 24.

THE BEARISH sentiment continued to prevail in most markets. The grains and soyabeans retreated moderately as moisture became widespread in the Mid-West. The cattle market was up slightly while the pork complex was severely depressed with some limit declines. Continued liquidation in response to warmer weather in Brazil and lower prices from Columbia resulted in limit declines in the coffee market. Lack of trade buying in cocoa produced minor losses. Sugar and cotton are consolidating over a narrow range with only fractional losses. Profit-taking in silver and gold reduced net gains in gold but created sizeable losses in silver. Copper is acting positively, adding daily to its net gains, Heinold reported.

Copper—July 83.35 (82.00), Aug. 83.50 (82.10), Sept. 84.00, Dec. 84.60, Jan. 84.70, March 85.10, May 85.25, July 85.40, Sept. 85.55, Dec. 85.75, Jan. 85.80, March 85.90, May 86.00.

Potatoes (round whites)—Nov. 68.5 (67.9), March 88.5 (98.5), April 114.0, May 136.6.

¶Silver—July 943.2 (950.2), Aug. 953.2 (951.2), Sept. 954.0, Dec. 975.8, Jan. 983.5, March 996.9, May 1010.3, July 1023.7, Sept. 1037.1, Dec. 1058.4, Jan. 1063.1, March 1076.5, May 1089.9. Handy and Harman bullion spot 945.0 (958.0).

Tin—698.0-710.0 asked (694.0-710.0).

CHICAGO, July 24.

Lard—Chicago loose 25.75 (26.0 nom.). New York prime steam unavailable.

? Live Cattle—Aug. 64.50-64.35 (64.72-64.42), Oct. 62.55-62.90 (62.42-62.77), Dec. 64.80-64.90, Jan. 66.40 asked, Feb. 66.80-66.77, April 69.30-69.15, June 71.75-71.70, Aug. 70.45 asked, Oct. 70.20 bid, Dec. 71.25 nom. Sales: 26,535.

Live Hogs—Aug. 36.90-36.82 (37.20-36.87), Oct. 33.60-33.50 (34.15-33.55), Dec. 34.65-34.60, Feb. 36.40-36.35, April 36.25, June 40.30-40.40, July 40.90 asked-40.70, Aug. 39.95 bid. Sales: 4,020.

‡‡Maize—Sept. 303-302½ (306½), Dec. 305½-305 (310½), March 313-312½, May 315-314½, July 314½, Sept. 311.

Pork Bellies—July 32.85-33.15 bid (34.85-33.00), Aug. 31.55-31.45 (32.65-31.50), Feb. 38.75-38.55, March 39.30-39.25, May 40.40, July 41.62 asked, Aug. 40.80. Sales: 7,511.

Silver—July 943.0 (948.8), Aug. 945.0-945.25 (957.0), Sept. 951.0, Oct. 961.0-961.05, Dec. 977.0-977.75, Feb. 993.0, April 1004.5, June 1017.0, Aug. 1030.0, Oct. 1042.0, Dec. 1056.0, Feb. 1069.0, April 1082.5, June 1096.0, Aug. 1110.0, Oct. 1124.5, Dec. 1139.0, Feb. 1154.0, April 1169.0, June 1184.0.

‡Soyabeans — Aug. 764-762 (780), Sept. 757-759¼ (754½), Nov. 751-749½, Jan. 761-761½, March 770-771, May 775, July 776, Aug. 771.

‖Soyabean Meal—Aug. 203.70-203.00 (195.30), Sept. 203.00-202.50 (193.20), Oct. 203.20, Dec. 204.50-204.90, Jan. 205.50-206.00, March 207.50-207.00, May 208.00, July 207.50-208.50.

Soyabean Oil — Aug. 28.40-28.30 (28.67), Sept. 27.90-27.95 (28.22), Oct. 27.60-27.55, Dec. 27.20-27.10, Jan. 27.00, March 27.05-27.10, May 27.00-27.10, July 27.00, Aug. 26.90-27.00, Sept. 26.90.

‡Wheat—Sept. 431-430 (440½), Dec. 435-438 (445), March 440-440, May 436-437, July 414, Sept. 419 nom.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). §$Can. per metric ton. §§ $ per 1,000 sq. feet. ‡ Cents per dozen.

EUROPEAN MARKETS

ROTTERDAM, July 24.

Wheat—U.S. No. 2 Dark Hard Winter, 13.5 per cent, Aug. $204. U.S. Hard Winter ordinary unquoted. U.S. No. 2 Red Winter Aug. $193, Sept. $194. U.S. No. 2 Northern Spring, 14 per cent, July $202.75, Aug. $199, Sept. $201, Oct. $203.75, Nov. $205.

Maize—U.S. No. 3 Corn Yellow afloat $152.50, July $152.50, Aug. $153, Sept. $153.75, Oct.-Dec. $156.50, Jan.-March $162.50, April-June $165 sellers. Aug.-Sept. $152.50, Jan.-March $162.25-162.50 traded.

Soyabeans—U.S. No. 2 Yellow Gulfports Aug. $321.75, Sept. $319.75, Oct. $306, Nov. $306, Dec. $310, Jan. $313.25, Feb. $316.25, March $317.25, April-May $318.25, June $320.75, July $321.75. Brazil Yellow FAQ unquoted. Argentine afloat $306.50, mid-July/mid-Aug. $309, Aug. $309, mid-Aug./mid-Sept. $310 sellers.

Soyameal—44 per cent protein U.S. afloat $245, July $245, Aug. $250, Sept. $256, Nov.-March $259, April-Sept. $264. Brazil Pellets afloat $244, July $246, Aug. $255, Sept. $259, Oct. $264, Nov. $267.

PARIS, July 24.

Cocoa (FFr per 100 kilos)—July 1305-1355, Sept. 1342-1355, Dec. 1373-1390, March 1435, May 1450, July 1450. Sales nil.

Sugar (FFr per 100 kilos)—Oct. 928-929, Nov. 920-930, Dec. 988-990, March 1060-1065, May 1085-1095, July 1110-1125, Aug. 1130-1150, Oct. 1150-1175. Sales 10.

INDICES

FINANCIAL TIMES

July 23	July 20	M'nth ago	Year ago
286.61	288.59	300.96	231.85

(Base: July 1, 1952=100)

MOODY'S

July 23	July 20	M'nth ago	Year ago
1090.0	1086.2	1118.2	917.4

(December 31, 1931=100)

DOW JONES

Dow Jones	July 23	July 20	Month ago	Year ago
Spot	410.18	412.55	428.99	352.41
F'tur's	418.52	423.57	440.51	338.03

(Average 1924-25-26=100)

REUTERS

July 24	July 23	M'nth ago	Year ago
1548.7	1566.3	1657.0	1411.1

(Base: September 18, 1931=100)

LEGAL NOTICES

No. 001589 of 1979
In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of HABACHI AND COMPANY LIMITED and in the Matter of The Companies Act, 1948.

A petition to wind-up the above-named company presented on 12th June 1979, by MARK ALLAN TRAVEL LIMITED of 54 Baker Street, London, W.1, claiming to be a creditor of the Company will be heard at the Royal Courts of Justice, Strand, London WC2A 2LL, on 30th July 1979. Any creditor or contributory wishing to oppose or support must ensure that written notice reaches the undersigned by 1600 hours on 27th July 1979. A copy of the petition will be supplied by the undersigned on payment of the prescribed charge.

POLLARDS,
of 56/59 Oxford Street,
London, W.1.
Solicitors for the Petitioner.

THE COMPANIES ACT, 1948
IN THE MATTER OF J. G. BESGROVE LIMITED by Order of the High Court of Justice dated the Twelfth day of June 1979, I, Raymond Hocking, F.C.C.A. of Messrs. Stoy, Hayward and Partners, 44 Baker Street, London, W.1., have been appointed LIQUIDATOR of the above-named Company. All debts and claims should be sent to me.

Dated this 12th day of July 1979.
R. HOCKING.
Liquidator.

THE COMPANIES ACTS 1948 TO 1976
MIYABI LIMITED
NOTICE IS HEREBY GIVEN, pursuant to section 293 of the Companies Act 1948, that a Meeting of the Creditors of the above-named Company will be held at the offices of BOURNER BULLOCK situated at Marcol House, 289/293 Regent Street, London W1R 8BB, on Wednesday the 8th day of August 1979 at 11 o'clock in the forenoon for the purposes mentioned in sections 294 and 295 of the said Act.

Dated this 20th day of July 1979.
By Order of the Board,
M. UENO, Director.

PUBLIC NOTICES

BARNSLEY M.B.C.
£1.2m Bills issued 25.7.79 to mature 24.10.79 at a rate of 13 25-64%. Total applications were £5.3m and there are £2.6m Bills outstanding.

E. SUSSEX C.C.
£3m Bills issued 25.7.79 to mature 24.10.79 at a rate of 13 25-64%. Total applications were £26m and there are £7m Bills outstanding.

FIFE REGIONAL COUNCIL
£2m Bills issued 25.7.79 to mature 24.10.79 at a rate of 13 25-64%. Total applications were £14m and there are £4m Bills outstanding.

M.B. OF KNOWSLEY
£1m Bills issued 25.7.79 to mature 24.10.79 at a rate of 13 25-64%. Total applications were £10m and these are the only outstanding Bills.

STRATHCLYDE REGIONAL COUNCIL
£6m Bills issued 25.7.79 to mature 24.10.79 at a rate of 13 25-64%. Total applications were £57m and there are £24m Bills outstanding.

Strong pound augurs well for Gilts on eve of long tap stock applications—Equity sections overshadowed

Account Dealing Dates

Option

*First Dealings	Declarations	Last Dealings	Account Day
July 16	July 26	July 27	Aug. 6
July 30	Aug. 9	Aug. 10	Aug. 20
Aug. 13	Aug. 23	Aug. 24	Sept. 3

* "New time" dealings may take place from 9.30 am two business days earlier.

Another sharp upswing in sterling on foreign exchanges yesterday morning ensured a fresh bout of strength in Government stocks on the eve of today's tenders for the largest-ever tap stock issue of £1.5bn. Only £15 is payable on application, and the stock, Treasury 11¾ per cent 2003-07, is being issued on a basis which is now looking attractive enough to ensure a big demand from overseas and the domestic institutions. Talk in the market was that the issue is likely to be over-subscribed, and that it could soon command a premium in first-time dealings tomorrow.

The all-round strength of Gilt-edged was the lone feature in otherwise subdued and drab stock markets. Fresh early rises ranging to a point among the longs at one stage provided an initial prop to leading shares, although investment incentive for the latter was again lacking because of economic and industrial imponderables. The tendency to reserve funds for potential sales of Government-held stock in selected concerns also continued.

When tested, the improvement in equities was found to lack substance and values began to drift back with few exceptions. At noon, the F.T. 30-share index was standing 1.7 higher but it slipped to close only 0.3 better on the day at 467.0. Notably, NatWest Bank responded to interim profits at the top end of market expectations, although enthuiasm was tempered by thoughts that the dividend payment could have been more generous.

All Gilt-edged quotations eased away from the day's highest to leave maximum gains in the longs of ¾, but after the official close of business inquiries began to expand again and prices firmed once more. Most interest was naturally directed at the longs, but the shorts showed improvements extending to ¼, usually among low-coupon issues and Treasury 3 per cent 1983 ended that much higher at 83.

Although investment currency rates were automatically lowered in line with the rising pound, sufficient business developed to cushion the decline and despite sterling's strong final advance, the premium closed only 1¼ points down at 19½ per cent for an *effective level of nearly 7* per cent. Yesterday's S.E. conversion factor was 0.9374 (0.9297).

The recent revival in Traded Options continued and a total of 1,143 contracts were completed, the highest for over a month. Marks and Spencer and Courtaulds both attracted a sizeable trade with 293 and 237 deals respectively, while GEC were also active and recorded 124 deals.

Natwest better

NatWest closed 5 up at the day's best of 355p with interim profits at the top end of analysts' estimates outweighing the slightly disappointing dividend payment and the Board's cautious remarks concerning second-half prospects. Still reflecting adverse comment on the first-half figures, **Lloyds** lost 5 to 318p. **Barclays**, the next to report half-yearly results tomorrow, ended unaltered at 466p. Irish issues took a turn for the better with **Allied** up 4 at 108p and **Bank of Ireland** 7 better at 322p. In irregular merchant banks, **Wintrust** edged forward 2 to 92p but **Kleinwort Benson** lost 4 to 130p.

Insurances displayed an easier *bias after a quiet trade.*

A firm undertone was apparent in Breweries, but the level of trade remained negligible. **Scottish and Newcastle** hardened 1½ to 65½p, while **Whitbread** closed at the overnight level of 133p, after 131p, following the annual meeting. In secondary issues, **Belhaven** recovered slightly from recent dullness to close at 47p, while support was again forthcoming for old speculative favourite **Sandeman**, 2 up at 85p. **Luis Gordon** also found support and finished 3 to the good at 40p. **Distillers** picked up 3 to 235p.

Among the scattered improvements in the Building group, **Newarthill** came to life with a rise of 6 to 172p, while **Derek Crouch**, reflecting the company's coal mining interests, encountered support and moved up 10 to 183p. Still on recent Press mention, **Burnett and Hallamshire** firmed 5 more to 425p. By way of contrast, Timber issues took a distinct turn for the worse. **Phoenix Timber**, at 130p, gave up the previous day's rise of 7, while further profit-taking left **Parker** 8 cheaper at 182p. Losses of around 3 were marked against **Mallinson-Denny**, 64½p, and **May and Hassell**, 77p.

Among Chemicals, **ICI** hardened a penny to 327p as recent offerings dried up.

Kitchen Queen down

A firm market of late, **Kitchen Queen** reacted 3 to 57p in the wake of Monday's announcement that the Industrial and Commercial Finance Corporation has sold its 6.7 per cent stake in the group to a number of institutions. Down 10 the previous day following a placing of 5¼m shares, **MFI** continued easier at 158p, down 2, while falls of 7 and 10 respectively were recorded in **Bambers**, 131p, and **J. Beattie A**, 180p. **Rosgill**, on the other hand, hardened a penny to 35p in response to the annual profits upsurge. **A. Goldberg** improved 3 to 78p, while **Wallis**, at 72p, retrieved 2 of the sharp fall which followed the Board's bearish remarks about current year prospects. Helped by a favourable broker's circular, **British Home**, 250p, and **Gussies A**, 388p, firmed 2 apiece. Among Shoes, recent high-flier **Stylo** turned reactionary on profit-taking; the old cheapened 7 to 162p and the new nil-paid gave up 4 to 54p.

Electricals put on another lacklustre performance. **Eurotherm** took a turn for the better and put on 8 to 308p, while **Electrocomponents** rallied a few pence to 437p and scattered support lifted **Muirhead** 4 to 228p. On the other hand, *Dewhurst "A,"* 13¼p, and **Ward and Goldstone**, 92p, *eased 1 and 2 respectively to* new lows for the year. Leading issues rarely strayed far from overnight closing levels.

The chairman's warning of appreciably lower profits in the first half of the current year prompted selling of **Staveley** which fell away steadily to close around the day's lowest with a loss of 24 at 262p. Elsewhere in a rather quiet Engineering sector, **Spirax-Sarco** closed 2 firmer at 202p, after 205p, following favourable Press mention, but **Howard Machinery** ended a penny lower at 29p, after 31p, despite the sharp increase in interim profits. **Averys** gave up 4 to 246p and losses of a few pence were marked against **Hawthorn Leslie**, 77p, and **Expanded Metal**, 71p, while smaller-priced issues to give ground included **M. Mole**, down 2 at 18p. Among the leaders, **John Brown** drifted off to close 6 cheaper at 451p and **Hawker** eased 4 to 188p, but **Vickers** moved against the trend and closed 2 better at 163p following occasional buying interest.

Foods remained in subdued mood and displayed few movements of note. **Cliffords Dairies** eased 2 to 86p, after 83p, as recent speculative support diminished with the A closing 4 off at 76p. **Unigate**, thought to be a possible suitor for Cliffords, added 2 to 95p. Favourable Press comment helped **Bernard Matthews** to a rise of 3 to 300p, while demand in a thin market left **William Morrison** a like amount up at 158p. Among the leaders, **Rowntree Mackintosh**, 180p, and **Associated Dairies**, 265p, both put on 2.

Further reports of lower hotel bookings due to the current strength of sterling had little effect on the Hotels sector. **Trusthouses Forte** eased 2 to 145p, as did **Savoy A**, at 104p, but **Grand Met** added 2 to 143p. Full-year results from **Wheeler's Restaurants** failed to lift the shares above the opening level of 350p, being outweighed by the chairman's warning over current trading.

Siebe Gorman relapse

Miscellaneous Industrials were featured by a late relapse by **Siebe Gorman** which fell 32 to 168p on news of the annual profits setback. Still concerned about the pending sale of the NEB's 24.42 per cent shareholding, **ICL** cheapened 4 to 436p, while **European Ferries** lost 4½ to 129½ to the accompaniment of reports of a large line of shares overhanging the market. **Centreway Securities** lost 8 to 336p and **Vinten** receded 6 to 148p, while **Leadenhall Sterling** declined 5 to 100p as did **Applied Computers**, to 195p. **Channel Tunnel**, however, jumped a further 25 to 130p on renewed speculative support on hopes that a tunnel may yet materialise. **B. and I. Nathan** put on 3 to 69p in response to Press comment, and **Brengreen** hardened 1½ to 21p for a similar reason. **Highgate and Job** closed unaltered at 48p; the price in yesterday's issue was incorrect. Quiet trading conditions prevailed in the leaders which closed mixed. **Beecham** lost 3 to 532p and **Unilever** cheapened 2 afresh to 482p but **Bowater** edged up a penny to 154p as did **Turner and Newall**, to 119p.

Caledonian Associated Cinemas again met with support and put on 10 for a two-day gain of 30 at 630p to the accompaniment of bid talk.

Motor sectors plotted an irregular course in a subdued trade. **Rolls-Royce**, at 72p, recovered 1½ of the previous day's fall of 4½ while, among Distributors, **Arlington** firmed a couple of pence to 105p in response to the annual results. **Lex Service** added a similar amount to 93p; the interim statement is expected next Tuesday. **Appleyard**, 81p, and **Henlys**, 107p, both put on 2, but **Harold Perry** gave up that amount to 126p. **Dowty** rose 4 to 318p anticipating good earnings from Chinese mining equipment orders, but recently firm **Flight Refuelling** came in for profit-taking and fell 5 at 206p.

Among printing issues, **Woodrow Wyatt** hardened a penny to 32p *following the* return to profits and the company's guarded confidence over current trading. Advertising agency **Saatchi and Saatchi**, on the other hand, eased 4 at 120p.

The announcement that **Property and Reversionary Investment** had disposed of its entire 18.2 per cent interest in **Property Holding and Investment Trust** through the market at around 360p per share, prompted a rise of 5 to 147p in the former but brought a reaction of 3 to 367p in the latter. **Stock Conversion** rose 4 to 374p in front of today's preliminary results, *while similar improvements were* recorded in **Bradford**, 427p, and **Warnford**, 424p.

Oils little altered

Oil shares held up reasonably well despite the prevailing quiet conditions. **British Petroleum** drifted a little easier to 1,225p, down 5, but **Shell** traded quietly around the overnight closing level of 334p. Among secondary issues, **Siebens (UK)**, helped by late support, closed 10 firmer at 230p, while **Oil Exploration** edged up 2 to 234p and **Burmah** firmed a penny to 144p.

Profit-taking was again evident in the Shipping sector

Despite the virtual standstill in interim profits, **Allied Textile** closed 4 better at 144p, buoyed by a useful dividend increase and the 20 per cent scrip issue.

Golds easier

South African Golds failed to respond to the continuing firmness of the bullion price, as nervousness over the latter's ability to sustain its recent strength brought out small scattered selling. This was demonstrated by a flurry of American selling in the afternoon as the bullion price dipped a dollar from its morning levels.

The Gold Mines index gave up 2.5 to 161.8, with sterling prices additionally weakened by a lower investment premium, while the ex-premium index eased 1.0 to 151.7.

Among heavyweights, losses of around a half-point were common to **Randfontein**, £25¼, **Hartebeest**, £14¼, **Vaal Reefs**, £15¾.

West Driefontein, £22. In the medium and lower-priced issues, **Western Deep** gave up 14 to 799p and **Libanon** 10 to 529p.

South African Financials were similarly lower. **UC Investments** were an exception with a gain of 5 to 245p following the increased half-yearly profits and higher interim dividend.

Rio Tinto-Zinc gave up 2 more to 254p still reflecting the Rio Algom news, but **Selection Trust** came in for modest supoprt and hardened 2 to 462p following the *sharply increased profits of* Amax, in which Selection Trust has an 8.3 per cent holding.

LONDON TRADED OPTIONS

Option	Ex'rc'se price	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	Equity close
BP	1150	80	9	120	1	—	—	1225p
BP	1200	30	1	95	—	117	—	"
BP	1300	1	28	30	—	70	—	"
Com. Union	140	2	—	12	2	18	—	140p
Com. Union	180	¼	31	2	—	4	—	"
Cons. Gold	200	24	20	34	—	41	—	223p
Cons. Gold	220	4	47	20	4	27	—	"
Cons. Gold	240	¼	9	11	—	18	—	"
Cons. Gold	260	¼	16	5	—	8	—	"
Courtaulds	90	¼	1	5	—	7	—	85p
Courtaulds	100	¼	4	2½	—	3½	—	"
Courtaulds	110	¼	6	1½	—	2½	—	"
Courtaulds	120	¼	109	½	—	1½	—	"
Courtaulds	130	¼	117	—	—	—	—	"
GEC	360	3	45	32	—	47	—	361p
GEC	390	¼	2	16	10	31	2	"
GEC	420	¼	3	8	—	20	—	"
GEC	460	¼	62	4	—	11	—	"
Grand Met.	118	24	6	25	—	—	—	142p
Grand Met.	128	14	8	19	—	28	—	"
Grand Met.	138	4½	38	13	2	21	5	"
Grand Met.	158	¼	17	5½	—	12	—	"
Grand Met.	178	¼	35	2½	—	6	—	"
ICI	330	2	—	17	5	28	—	326p
ICI	360	¼	—	6½	4	15	—	"
ICI	390	¼	—	2½	4	7	—	"
ICI	420	¼	15	1	—	4	—	"
Land Secs.	300	1½	30	19	—	32	—	298p
Land Secs.	330	½	12	6	—	22	2	"
Marks & Sp.	70	43	4	—	—	—	—	112p
Marks & Sp.	80	33	4	35	—	—	—	"
Marks & Sp.	90	23	10	26	—	—	—	"
Marks & Sp.	100	13	10	18	—	—	—	"
Marks & Sp.	110	3	31	11	—	15	—	"
Marks & Sp.	120	¼	43	6	23	10	2	"
Marks & Sp.	130	¼	164	3	—	7	2	"
Shell	325	13	2	25	—	38	—	335p
Shell	350	1	1	18	—	26	—	"
Shell	375	½	—	12	27	16	—	"
Shell	400	½	33	5	5	11	8	"
Totals			973		87		21	
		August		November		February		
BOC Intl.	80	1	14	3	—	7	—	74p
EMI	90	15	—	21	—	26	4	102p
EMI	110	5	10	10	—	17	2	"
EMI	120	2	—	6	—	12	15	"
RTZ	260	9	10	25	—	32	2	254p
RTZ	360	¾	—	3	5	—	—	"
Totals			34		5		23	

FINANCIAL TIMES STOCK INDICES

—	July 24	July 23	July 20	July 19	July 18	July 17	A year ago
Government Secs.	73.96	73.59	73.37	73.48	73.57	73.03	71.06
Fixed Interest	75.36	74.96	74.66	74.72	74.72	74.35	78.85
Industrial	467.0	466.7	471.2	471.9	472.0	478.0	486.4
Gold Mines	161.7	164.3	159.9	161.3	171.0	171.7	175.4
Gold Mines(Ex-$ pm)	151.6	152.7	150.4	†153.4	158.9	154.6	119.1
Ord. Div. Yield	6.78	6.78	6.73	6.70	6.71	6.60	5.47
Earnings, Yld. % (full)	17.06	17.06	16.93	16.87	16.91	16.63	16.60
P/E Ratio (net) (*)	7.34	7.34	7.39	7.46	7.44	7.56	8.05
Total bargains	15,859	15,500	15,180	15,859	17,615	17,012	—
Equity turnover £m	—	78.65	67.38	69.89	85.69	75.27	84.57
Equity bargains total	—	11,021	10,378	11,726	13,005	12,475	18,537

10 am 466.8. 11 am 468.0. Noon 468.4. 1 pm 467.7. 2 pm 467.1. 3 pm 467.0.

Latest Index 01-246 8026.

*Nil = 7.04.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. Ex-$ premium index started June, 1972. SE Activity July-Dec., 1942.

HIGHS AND LOWS

—	1979 High	1979 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	75.91 (4/6)	64.64 (8/2)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	77.76 (6/6)	66.05 (15/2)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	558.6 (4/5)	446.1 (12/2)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	208.4 (8/6)	129.9 (17/4)	442.3 (22/5/75)	43.5 (26/10/71)
Gold Mines (Ex-$pm)	169.5 (6/6)	95.2 (2/1)	337.1 (3/4/74)	54.3 (25/6/75)

S.E. ACTIVITY

	July 24	July 23
—Daily		
Gilt Edged	146.2	121.4
Industrials	118.3	96.1
Speculative	24.5	26.4
Totals	79.6	67.4
5-d'y Av'r'ge		
Gilt Edged	136.6	139.1
Industrials	112.1	113.9
Speculative	28.2	28.8
Totals	77.9	79.2

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
July 24	Aug. 6	Oct. 18	Oct. 30
Aug. 7	Aug. 20	Nov. 1	Nov. 13
Aug. 21	Sept. 3	Nov. 15	Nov. 27

For rate indications see end of Share Information Service

Calls were dealt in Shell, Barker and Dobson, De Beers Defd, Cons. Gold Fields, ICI, Grand Met, Burmah, Town and City, Spillers, Silvermines, Hongkong Bank, Siebens (UK), Bryant Hldgs, Duple and William Press. A put was done in William Press, while double options to be arranged included Lesney, Premier Oil, Fairbairn Lawson and Christy Brothers.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1979 high	1979 low
ICI	£1	10	327	+1	415	323
BP	£1	9	1,225	−5	1,295	882
Shell Transport	25p	8	334	—	402	278
NatWest Bank	£1	7	355	+5	406	278
Turner & Newall	£1	7	119	+1	176	118
BAT Inds.	25p	6	265	+3	362	255
Boots	25p	6	188	−1	238	184
European Ferries	25p	6	129½	−4½	183	121
Imperial Group	25p	6	91½	+½	108	82
Marks & Spencer	25p	6	112	−1	134	83
BOC Intl.	25p	5	73½	−½	81½	65½
Courtaulds	25p	5	85	—	122	84
GEC	25p	5	361	+1	456	311
GKN	£1	5	282	+1	308	226
Lloyds Bank	£1	5	318	−5	360	272

APPOINTMENTS

TSB senior executive post

Mr. David B. Thorn has been appointed the new deputy chief general manager of the TRUSTEE SAVINGS BANKS CENTRAL BOARD in London to succeed Mr. J. F. D. Miller, who retires on October 31. Mr. Thorn joined the TSB Central Board in 1975 and is at present general manager (finance) with responsibility for finance, inspection, legal and corporate planning services.

★

Mr. G. P. H. James is to be appointed deputy managing director of ELECTROLUX from August 1. He was previously *marketing director.*

★

Mr. J. L. Mills has been appointed financial director and Mr. D. E. Watts a non-executive director of HAWKINS AND TIPSON.

★

Mr. Ben Williams is to become a regional director of the South Midlands regional Board of LLOYDS BANK which sits under the chairmanship of Mr. R. O. Steel at Aylesbury. Mr. Williams, who retired from the bank in May of this year was an assistant general manager. His new appointment takes effect from September 1.

★

Mr. L. C. A. Newnham has been appointed to the main Board of BRIDON. Mr. Newnham, who is chief executive of Bridon International, has also been appointed chairman of that company in succession to Mr. A. S. Watts and takes over responsibility for the overseas activities of the group outside the UK and Europe. Mr. Watts will continue to be a director of Bridon International in addition to his position as director and deputy chairman of Bridon.

★

Mr. R. J. Hart has been appointed business development manager of the GUTHRIE CORPORATION. He succeeds Mr. F. S. K. Baron, who is now chief executive of Guthrie International. Mr. Hart returns to group headquarters from Kuala Lumpar where for three years he has been marketing director of Kumpulan Guthrie Sdn. Bhd., responsible for the marketing and distribution world-wide of that subsidiary's products—principally palm oil and natural latex.

★

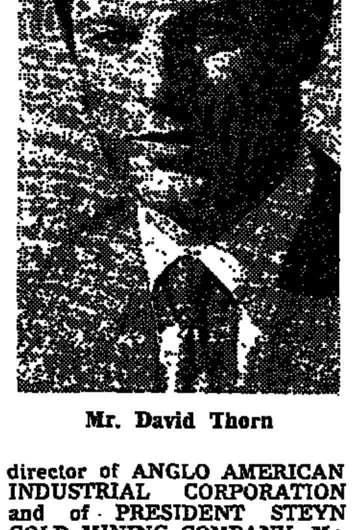
Mr. R. M. Gibbs has joined HUGH PAUL AND CO. as a director, with special responsibilities for construction and engineering business of the group. Mr. Gibbs will also control the marine department.

★

Mr. Brian R. Temple has been appointed to the Board of MILES SMITH ANDERSON AND GAME. He will continue as managing director of Miles Smith Reinsurance.

★

General C. A. Fraser, former South African Consul-General to Iran, has been appointed a director of ANGLO AMERICAN INDUSTRIAL CORPORATION and of PRESIDENT STEYN GOLD MINING COMPANY. Mr. Jacques Desmidt, a manager in Anglo American Corporation finance division, and Mr. Aubrey Dickman, economic consultant to that company, have joined the Board of ANGLO AMERICAN GOLD INVESTMENT COMPANY.



Mr. David Thorn

★

Mr. Ian C. Cotterill has been appointed chief accountant of FORWARD TRUST, a subsidiary of Midland Bank. He succeeds Mr. Paul Beard, who has become financial controller of ASSOCIATED SECURITIES FINANCE, the Australian finance house based in Sydney and recently acquired by Midland Bank.

★

Mr. Malcolm Levene has been appointed technical director of COJANA COATS AND SUITS. He has been with the company for 10 years—and was previously factory manager.

★

The CHARTERED INSTITUTE OF TRANSPORT has elected the following 10 new ordinary members of the Council for the 1979-1980 session to fill vacancies created by retirements: Mr. I. F. Dallison, Mr. D. Fowler, Mr. R. N. Hayes, Ms. M. J. Heraty, Mr. M. O'Riain, Mr. F. Paterson, Mr. G. Samuel, Mr. J. K. Stuart, Mr. J. E. Vickers and Mr. R. J. Bull.

★

Mr. Peter Moxham has joined CSE OF OXFORD AIRPORT to co-ordinate special projects. For the past 10 years Mr. Moxham has been with Thurston Aviation as operations director. He is also vice-chairman of the Air Taxi Operators Association.

★

Mr. K. N. Crawford is the new president of the INSTITUTE OF LEGAL EXECUTIVES for 1979-1980. Mr. L. I. Raven-Hill has been appointed vice-president.

★

Mr. W. J. Jones, sales director of Midland Extrusions, has resigned from all his industry commitments with the ALUMINIUM EXTRUDERS ASSOCIATION and the ALUMINIUM WINDOW ASSOCIATION to take early retirement from August 31. His successor as chairman is Mr. Kevin Jones, sales director of Almetex.

★

Mr. Philip F. Taylor has been appointed an assistant director of BANK JULIUS BAER INTERNATIONAL from August 1.

★

Mr. Michael D. Fletcher, sales director UK for the Restall Production Design Group, has been appointed chairman of the Midlands branch of the BRITISH CONTRACT FURNISHING ASSOCIATION in place of Mr. R. Grant. Mr. Fletcher will remain on the national council of the BCFA.

★

Mr. A. J. Keeler has been appointed to the Board of HOGG ROBINSON (TRAVEL).

★

Mr. B. K. Fitzsimmons, Mr. C. J. Dickens and Mr. G. M. Whatling have been appointed to the Board of HOGG ROBINSON AND GARDNER MOUNTAIN INTERNATIONAL, part of the Hogg Robinson Group.

★

Mr. Peter R. Travers is to become regional manager (UK and Europe) of the BANK OF NEW ZEALAND in London in succession to Mr. G. S. Blanshard, who has been appointed district manager, Auckland South District of the Bank. Mr. Travers takes up his new position in mid-September.

★

Mr. P. M. S. Hedgeland has been appointed a director of CITITEL CONSULTANCY.

★

Mr. J. A. Dennis and Mr. A. L. M. Eastick have been appointed managers of ALEXANDERS DISCOUNT COMPANY from August 1.

★

New chairman at National Carbonising

Mr. Graham Ferguson Lacey, a member of the Board of National Carbonising Company, has been invited to become chairman of the group after the annual meeting on August 17.

The present chairman, Mr. Michael Gaze, will continue as chief executive.

Mr. Lacey's interest in National Carbonising now stands at 27.05 per cent, through Birmingham and Midland Counties Trust.

NEW HIGHS AND LOWS FOR 1979

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1979.

NEW HIGHS (17)

BRITISH FUNDS (6)

Treas. 12pc 1984 — Conv. 3½pc '61 Aft.
Treas. 12¼pc '95 — Treas. 3pc '66 Aft.
Treas. 11½pc '01-04 — Treas. 2½pc

BEERS (1)

Gordon (L.)

ELECTRICALS (1)

Cableform

ENGINEERING (1)

Spirax-Sarco

FOODS (2)

Hazlewoods (Pty.) — Matthews (B.)

INDUSTRIALS (2)

Provl. Laundries — United Gas Inds.

PAPERS (1)

Wyatt (Woodrow)

TEXTILES (1)

Miller (F.)

TRUSTS (1)

London & Liverpool

OILS (1)

Aran Energy

NEW LOWS (102)

AMERICANS (32)
CANADIANS (5)
BANKS (4)
BUILDINGS (3)
CHEMICALS (3)
ELECTRICALS (3)
ENGINEERING (3)
HOTELS (1)
INDUSTRIALS (17)
INSURANCE (4)
LEISURE (1)
MOTORS (2)
TRUSTS (15)
OILS (1)
OVERSEAS TRADERS (2)
RUBBERS (1)
MINES (5)

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	75	3	9
Corpns., Dom. and Foreign Bonds	25	4	36
Industrials	175	283	955
Financial and Prop.	82	110	333
Oils	6	8	25
Plantations	3	5	23
Mines	15	64	65
Others	12	79	61
Totals	373	556	1,507

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1979 High	1979 Low	Stock	Closing Price p	+ or −	Div. Amount	Times Covered	Gross Yield	P.E. Ratio
‡‡	F.P.	24/8	75	60	Arrow Chemicals	71	.....	b2.0	2.3	4.0	16.3
60	F.P.	11/7	91	76	B & Q (Retail) 5p	81	.....	2.46	2.8	3.0	17.4
80½	F.P.	27/7	99	95½	Fairline Boats	95½	.....	b3.5	3.6	5.2	6.9
‡	F.P.	—	58	52	Malay'n Pl'ts Berhad	55½	−1½	bQ18c	1.3	7.3	—
‡	F.P.	10/8	37	30½	Mettoy Dfd.	30½	.....	—	—	—	—
‡‡	F.P.	—	44	36	Phicom 10p	37½	.....	N1.0	4.6	3.8	13.6
160	F.P.	8/8	186	178	Standard Tel. & Cables	182	+1	b8.0	2.1	6.3	10.9

FIXED INTEREST STOCKS

Issue Price	Amount Paid Up	Latest Renunc. Date	1979 High	1979 Low	Stock	Closing Price	+ or −
¶91	F.P.	21/9	86½	86½	Aurora 8¼ Conv. Cum. Pref.	86½	.....
100	F.P.	20/7	101¼	95	English & Overseas Inv. Conv.	95	−2
100	F.P.	27/7	115	107½	Kwik-Fit (Tyres) 8% Cnv. Ln. 1979/85	113	−2
100	F.P.	20/7	102	88½	Marsh'll's Univ'rs'l 7¾% Cnv.Cum.Red.Prf.	88½	.....
100	F.P.	30/8	102	100	Portsmouth Water 8% Red. Prf. 1984	101½	.....
¶98	£10	24/8	£13	£12½	Sund. & S. Shields Water 8% 1986	£13	.....
¶98	£10	18/10	£13	£12½	Wrexham Water 8% 1984	£13	.....

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date ●	Latest Renunc. Date ■	1979 High	1979 Low	Stock	Closing price p	+ or −
36	F.P.	9/7	10/8	40	36½	Causton Sir (J.)	39½	.....
65	F.P.	17/7	10/8	90	82	Century Oils	88	.....
52½	F.P.	10/7	10/8	68	55	Combined English Stores	68	.....
30	Nil	3/8	24/8	11pm	10½pm	Control Securities	10½pm	.....
25	Nil	—	—	4pm	3pm	Edinburgh & Gen.	4pm	.....
195	F.P.	20/7	10/8	225	209	Elliott (B.)	218	.....
100	F.P.	13/7	3/8	138	125	Geevor Tin	130	.....
60	Nil	3/8	7/9	19pm	17pm	Goldberg (A.)	19pm	+2
126	F.P.	29/6	10/8	146	131	Grand Metropolitan	141	.....
50	Nil	6/8	31/8	71pm	50pm	Hanson Trust	54pm	.....
47	Nil	30/7	28/8	3pm	½pm	Hargreaves	3pm	+1
88	Nil	27/7	24/8	11pm	3pm	Highland Dist.	11pm	.....
165	F.P.	13/7	24/8	208	182½	Holt Lloyd Intl	206	.....
110	F.P.	5/7	7/9	114	109	Intl. Timber	113	.....
154	F.P.	22/6	27/7	188	157	MEPC	187	+1
105	F.P.	13/7	3/8	110	106	McCorquodale	110	.....
25cts	Nil	—	—	1pm	Nil	Ovenstone	Nil	−1
210	F.P.	22/6	20/7	270	225	Peterson Tennant	225	.....
265	F.P.	15/6	27/7	300	270	Simon Engineering	300	+2
60	F.P.	20/7	10/8	129	110	Sound Diffusion	129	.....
108	Nil	27/7	20/8	60pm	18pm	Stylo Shoes	54pm	−4
57	F.P.	20/7	24/8	66	60	UBM	66	+½
87	F.P.	13/7	10/8	110	94	W.G.I.	109	.....

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. || Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. |||| Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Unlisted security. ‡‡ Issued as units comprising 2 income shares and 10 Capital shares at 125p per unit.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

	EQUITY GROUPS & SUB-SECTIONS	Tues., July 24, 1979 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Mon., July 23 Index No.	Fri., July 20 Index No.	Thurs., July 19 Index No.	Wed., July 18 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (172)	243.89	[illegible]	17.78	5.83	7.28	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2	Building Materials (27)	224.91	+0.1	18.61	5.90	7.00	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3	Contracting, Construction (28)	355.26	+0.2	25.68	5.18	4.87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4	Electricals (15)	585.45	+0.2	13.32	3.97	10.31	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5	Engineering Contractors (12)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6	Mechanical Engineering (74)	177.75	−0.4	18.87	6.47	6.75	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
8	Metals and Metal Forming (16)	166.18	—	19.47	9.01	6.38	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
11	CONSUMER GOODS (DURABLE) (52)	227.25	+0.2	16.00	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
12	Lt. Electronics, Radio, TV (16)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
13	Household Goods (12)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
14	Motors and Distributors (24)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
21	CONSUMER GOODS (NON-DURABLE) (171)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
22	Breweries (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
23	Wines and Spirits (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
24	Entertainment, Catering (17)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
25	Food Manufacturing (19)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
26	Food Retailing (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
32	Newspapers, Publishing (12)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
33	Packaging and Paper (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
34	Stores (41)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
35	Textiles (23)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
36	Tobaccos (3)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
37	Toys and Games (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
41	OTHER GROUPS (99)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
42	Chemicals (18)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
43	Pharmaceutical Products (7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
44	Office Equipment (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
45	Shipping (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
46	Miscellaneous (58)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
49	INDUSTRIAL GROUP (494)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
51	Oils (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
59	500 SHARE INDEX	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
61	FINANCIAL GROUP (116)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
62	Banks (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
63	Discount Houses (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
64	Hire Purchase (5)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
65	Insurance (Life) (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66	Insurance (Composite) (8)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
67	Insurance Brokers (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
68	Merchant Banks (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
69	Property (43)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70	Miscellaneous (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71	Investment Trusts (110)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
81	Mining Finance (4)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
91	Overseas Traders (20)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99	ALL-SHARE INDEX (750)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST PRICE INDICES

	British Government	Tues., July 24	Day's change %	xd adj. today	xd adj. 1979 to date
1	Under 5 years	105.64	+0.16	—	4.94
2	5-15 years	113.83	+0.59	—	[illegible]
3	Over 15 years	126.34	+0.59	—	7.96
4	Irredeemables	[illegible]	[illegible]	—	[illegible]
5	All stocks	[illegible]	[illegible]	—	[illegible]

FIXED INTEREST YIELDS

	Br. Govt. Av. Gross Red.		Tues., July 24	Mon., July 23	Fri., July 20	Thurs., July 19	Wed., July 18	Year ago (approx.)
1	Low Coupons	5 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2		15 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3		25 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4	Medium Coupons	5 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5		15 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6		25 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7	High Coupons	5 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
8		15 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
9		25 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
10	Irredeemables		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

		Tues., July 24 Index No.	Yield %	Mon., July 23	Fri., July 20	Thurs., July 19	Wed., July 18	Tues., July 17	Mon., July 16	Fri., July 13	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	58.54	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
16	Investment Trust Prefs. (15)	51.60	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
17	Coml. and Indl. Prefs. (20)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 22p.

AUTHORISED UNIT TRUSTS

INSURANCE AND PROPERTY BONDS

OFFSHORE AND OVERSEAS FUNDS

Alexander Fund
37, rue Notre-Dame, Luxembourg.
Alexander Fund ...... US$8.04 | ..... | —
Net asset value July 16.

Allen Harvey & Ross Inv. Mgt. (C.I.)
1 Charing Cross, St. Helier, Jsy., C.I. 0534-73741
AHR Gilt Edg.Fd. .... £12.66 12.68 | ..... | 12.02

Arbuthnot Securities (C.I.) Limited
P.O. Box 284, St. Helier, Jersey. 0534 76077
Cap. Tst. (Jersey) .... 123.0 127.0 | ..... | 7.87
Next dealing July 23
Gov't Secs. Tst. .... 95.5 99.0 | ..... | 12.63
Next dealing date July 30.
East & Intl. Tst. (CI) .... 101 108 | ..... | 3.47
Next dealing date July 26.

Australian Selection Fund NV
Market Opportunities, c/o Irish Young & Outhwaite, 127 Kent St., Sydney
US$1 Shares ...... $US1.48 | ..... | —
Net asset value November 24.

Bank of America International S.A.
35 Boulevard Royal, Luxembourg G.D.
Wldinvest Income .... 109.64 110.20 | ..... | 8.39
Prices at July 19. Next sub. day July 25.

Banque Bruxelles Lambert
2, Rue De la Regence B 1000 Brussels
Renta Fund ...... US$59.60 61.44 | −0.10 | 8.11

Barbican Managers (Jersey) Ltd.
P.O. Box 63, St. Helier, Jersey 0534 74806
Barb. Int. Fund ...... 84.7 89.9 | ..... | 5.00

Barclays Unicorn International
1, Charing Cross, St. Helier, Jersey. 0534 73741

Overseas Income	46.0	48.4	.....	12.65
Unidollar Trust	US$11.57	12.18	.....	1.66
Unibond Trust	US$8.65	99.53	.....	9.00

1, Thomas St., Douglas, Isle o. Man. 0624 4856

Unicorn Aust. Ext.	40.8	43.9	.....	2.10
Do. Aust. Min.	30.4	32.7	−0.9	1.80
Do. Grtr. Pacific	65.4	70.4	−0.9	—
Do. Intl. Income	35.6	38.3	−0.6	9.10
Do. Isle of Man Tst.	45.3	48.8	.....	9.20
Do. Manx Mutual	26.3	28.3	−0.2	1.70

Bishopsgate Commodity Ser. Ltd.
P.O. Box 42, Douglas, I.o.M. 0624-23911

ARMAC *July 2	US$38.54	40.98	.....	—
CANRHO **July 2	£0.875	0.928	.....	—
COUNT **July 2	£2.658	2.819	.....	1.86

Originally issued at *$10 and **£1. Next val. Aug. 6.

Bishopsgate Progressive—Ldn. Agents
9, Bishopsgate, EC2N 3AD 01-588 6280
BNAUT Inc. June 27 .. $US2.82 2.98 | ..... | —
BNASF June 28 ...... 100.0 107.06 | ..... | —

Bridge Management Ltd.
GPO Box 590, Hong Kong
N'bashi June 30 ...... Y16,560 | ..... | —
Nippon Fd. July 18 .... US$16.15 16.87 | ..... | 0.95

Britannia Tst. Mngmt. (C.I.) Ltd.
30 Bath St., St. Helier, Jersey. 0534 73114

Sterling Denominated Fds.

Growth Invest	38.0	41.1	.....	4.50
Far East & Int. Fd.	73.7	79.7	.....	1.00
Jersey Energy Tst.	175.8	190.1	.....	1.50
Univsl. $ Tst. Stg.	£2.30	2.42	.....	1.00
High Int. Stg. Tst.	£0.95	0.98	.....	12.20

U.S. Dollar Denominated Fds.

Univsl. $ Tst.	US$6.28	6.61	.....	—
Int. High Int. Tst.	US$0.99	1.02	.....	8.80

Value July 20. Next dealing July 30.

Brown Shipley Tst. Co. (Jersey) Ltd.
P.O. Box 583, St. Helier, Jersey. 0534 74777
Stlg. Bd. Fd. (h) ...... 10.53 10.57 | +0.04 | 12.07

Butterfield Management Co. Ltd.
P.O. Box 195, Hamilton, Bermuda.
Buttress Equity ...... $US2.92 3.02 | ..... | 2.60

Keyser Ullmann Ltd.
25, Milk Street, EC2V 8JE. 01-606 7070

Fonselex	Fr1,306	1,436	.....	2.40
Bondselex	115.95	121.65	.....	2.40
Central Assets	£148.30	148.36	+0.06	—

King & Shaxson Mngrs.
1, Charing Cross, St. Helier, Jersey. (0534) 73741
Valley Hse., St. Peter Port, Gnsy. (0481) 24706
1 Thomas Street, Douglas, I.O.M. (0624) 4856

Gilt Fund (Jersey)	9.65	9.70	+0.22	11.50
Gilt Trust (I.o.M.)	110.0	112.9	.....	11.50
Gilt Fnd. Guernsey	10.01	10.05	.....	11.75

Intl. Govt. Secs. Tst.

First Sterling	£23.95	24.10	+2.33	—
First Intl.	US$250.99	251.80	+14.33	—

Kleinwort Benson Limited
20, Fenchurch St., EC3. 01-623 8000

Eurinvest		LF1121	−4	4.28
Guernsey Inc.	65.4	69.5	.....	4.82
Do. Accum.	83.2	88.3	.....	4.82
KB Far East Fd.		US$13.27	.....	2.26
KB Gilt Fund	£10.90	10.96	.....	11.74
KB Int. Bd. Fd. Inc.		101.23	.....	8.20
KB Int. Bd. Fd. Acc.		106.67	.....	
KB Intl. Fund		$US12.41	.....	2.25
KB Japan Fund		US$30.48	+0.14	0.98
K.B. U.S. Gwth. Fd.		US$13.77	.....	1.45
Signet Bermuda		$US5.26	.....	1.90

Lloyds Bk. (C.I.) U/T Mgrs.
P.O. Box 195, St. Helier, Jersey. 0534 27561
Lloyds Tst. O'seas .... 51.0 53.6 | ..... | 3.10
Next dealing August 15.
Lloyds Trust Gilt .... £10.17 10.18 | ..... | 11.75
Next dealing July 25

Lloyds Bank International, Geneva
P.O. Box 438, 1211 Geneve 11 (Switzerland)
Lloyds Int. Growth .. SF334.50 358.0 | ..... | 1.20
Lloyds Int. Income .. SF292.50 303.5 | ..... | 5.30

M & G Group
Three Quays, Tower Hill EC3R 6BQ. 01-626 4588

Atlantic July 24	US$3.66	4.02	+0.04	—
Aus. Ex. July 18	US$3.00	3.37	.....	—
Gold Ex. Acc.	US$19.96	22.17	.....	—
Island	138.2	147.1	−0.4	4.00
(Accum Units)	201.3	214.2	−0.6	4.00

Midland Bank Tst. Corp. (Jersey) Ltd.
28-34, Hill St., St. Helier, Jersey. 0534 36281
Midland Drayton Gilt. 101.5 102.0 | ..... | 11.56

Samuel Montagu Ldn. Agents
114, Old Broad St., EC2. 01-588 6464

Apollo Fed. July 10	SF44.20	48.00	.....	2.90
Japfest July 14	HK$12.92	13.99	.....	0.91
117 Group July 11	$US11.39	12.44	.....	2.25
117 Jersy July 11	£5.07	5.49	.....	0.76
117 Jsy. O's July 4	£6.62	6.97	.....	—

Murray, Johnstone (Inv. Adviser)
163, Hope St., Glasgow, C2. 041-221 5521
*Hope St. Fd. .... US$31.83 | ..... | —
*Murray Fund .... US$12.64 | ..... | —
*NAV July 15.

Nat. Westminster Jersey Fd. Mgrs. Ltd.
45 La Motte St., St. Helier, Jersey 0534 36241
High Income Fund .. 50.5 52.0 | ..... | —
Equity Fund ...... 48.0 50.0 | ..... | —

Negit S.A.
10a Boulevard Royal, Luxembourg
NAV July 20 ...... US$12.57 | +0.39 | —

Negit Ltd.
Bank of Bermuda Bldgs., Hamilton, Brmda.
NAV July 15 ...... £3.81 | ..... | —

Pacific Basin Fund
10a Boulevard Royal, Luxembourg.
NAV July 24 ...... US$10.61 | +0.07 | —

Phoenix International
PO Box 77, St. Peter Port, Guernsey

Inter-Dollar Fund	$US2.42	2.61	.....	—
Far East Fund	$US1.95	2.11	.....	—
Intl. Currency Fund	$US1.39	1.51	.....	—
Dollar Fast Int. Fund	$US1.63	1.76	.....	—

FT SHARE INFORMATION SERVICE

FOREIGN BONDS & RAILS

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

S.E. List Premium 67¾% (based on U.S.$2.3218 per £)

CANADIANS

S.E. List Premium 67¾% (based on $2.7070 per £)

BANKS AND HIRE PURCHASE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

BANKS & HP—Continued

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

CHEMICALS, PLASTICS—Cont.

DRAPERY AND STORES

ELECTRICALS

ENGINEERING—Continued

ENGINEERING MACHINE TOOLS

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INSURA

FINANCIAL TIMES

PUBLISHED IN LONDON & FRANKFURT

Head Office: The Financial Times Limited, Bracken House, 10 Cannon Street, London EC4P 4BY

Telex: Editorial 886341/2, 883897. Advertisements: 885033. Telegrams: Finantimo, London.

Telephone: 01-248 8000.

Frankfurt Office: The Financial Times (Europe) Ltd., Frankenallee 68-72, 6000 Frankfurt-am-Main 1.

Telex: Editorial 416052. Commercial 416193. Telephone: Editorial 7598 234. Commercial 7598 1.

INTERNATIONAL AND BRITISH OFFICES

EDITORIAL OFFICES

Amsterdam: P.O. Box L1296, Amsterdam-C.
Telex 16527 Tel: 276 796

Birmingham: George House, George Road.
Telex 338650 Tel: 021-454 0922

Bonn: Presshaus 11/104 Heussallee 2-10.
Telex 8869542 Tel: 210039

Brussels: 39 Rue Ducale.
Telex 23283 Tel: 512-9037

Cairo: P.O. Box 2040.
Tel: 938510

Dublin: 8 Fitzwilliam Square.
Telex 5414 Tel: 785321

Edinburgh: 37 George Street.
Telex: 72484 Tel: 031-226 4120

Johannesburg: P.O. Box 2128
Telex 8-6257 Tel: 838-7545

Lisbon: Praca de Alegria 58-1D, Lisbon 2.
Telex 12533 Tel: 362 508

Madrid: Espronceda 32, Madrid 3.
Tel: 441 6772

Manchester: Queen's House, Queen Street.
Telex 666813 Tel: 061-834 9381

Moscow: Kutuzovsky 14, Apartment 1, Moscow.
Telex 7900 Tel: 243 1635

New York: 75 Rockefeller Plaza, N.Y. 10019.
Telex 66390 Tel: (212) 541 4625

Paris: 36 Rue du Sentier, 75002.
Telex 220044 Tel: 236.57.43

Rio de Janeiro: Avenida Pres. Vargas 418-10.
Tel: 253 4848

Rome: Via della Mercede 55.
Telex 610032 Tel: 678 3314

Stockholm: c/o Svenska Dagbladet, Raalambsvagen 7.
Telex 17603 Tel: 50 60 88

Tehran: P.O. Box 11-1879.
Telex 213930 Tel: 682698

Tokyo: 8th Floor, Nihon Keizai Shimbun Building, 1-9-5 Otemachi, Chiyoda-ku.
Telex J 27104 Tel: 241 2920

Washington: 2nd Floor, 1325 E. Street, N.W., Washington D.C. 20004
Telex 440340 Tel: (202) 47 8676

ADVERTISEMENT OFFICES

Birmingham: George House, George Road.
Telex 338650 Tel: 021-454 0922

Edinburgh: 37 George Street.
Telex: 72484 Tel: 031-226 4139

Leeds: Permanent House, The Headrow.
Tel: 0532 454969

Manchester: Queen's House, Queen Street.
Telex 666813 Tel: 061-834 9381

New York: 75 Rockefeller Plaza, N.Y. 10019
Telex 238409 Tel: (212) 489 8300

Paris: 36 Rue du Sentier, 75002.
Telex 220044 Tel: 236.86.01

Tokyo: Kasahara Building, 1-6-10 Uchikanda, Chiyoda-ku. Telex J27104 Tel: 295 4050

Overseas advertisement representatives in
Central and South America, Africa, the Middle East, Asia and the Far East.
For further details, please contact:
Overseas Advertisement Department,
Financial Times, Bracken House, 10, Cannon Street, London EC4P 4BY

SUBSCRIPTIONS

Copies obtainable from newsagents and bookstalls worldwide or on regular subscription from Subscription Department, Financial Times, London

For Share Index and Business News Summary in London, Birmingham, Liverpool and Manchester, Tel: 246 8026

INDUSTRIALS—Continued

[illegible]

INSURANCE

[illegible]

INSURANCE—Continued

[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

FINANCE, LAND—Continued

[illegible]

OILS

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

CENTRAL RAND

[illegible]

EASTERN RAND

[illegible]

FAR WEST RAND

[illegible]

O.F.S.

[illegible]

FINANCE

[illegible]

DIAMOND AND PLATINUM

[illegible]

CENTRAL AFRICAN

[illegible]

MINES—Continued

AUSTRALIAN

[illegible]

TINS

[illegible]

COPPER

[illegible]

MISCELLANEOUS

[illegible]

GOLDS EX-$ PREMIUM

London quotations for selected South African gold mining shares in U.S. currency excluding the investment dollar premium. These prices are available only to non-UK residents.

$17½	$10½	Buffels R1	$15½	.....	Q200c	ϕ	15.6
$15½	890c	East Drie R1	$13¼	.....	†Q115c	1.6	10.5
$10¼	550c	East Rand Prp. R1	$10½	.....	†Q10c	—	1.2
$27⅝	$18¼	F.S. Geduld 50c	$27½	+⅛	†Q315c	2.4	13.9
$19⅝	$11⅛	Pres. Brand 50c	$19⅛	+⅛	†Q150c	3.2	9.5
$18½	$10¼	St. Helena R1	$17½	.....	†Q190c	1.4	13.1
760c	407c	Stilfontein 50c	710c	.....	†Q66c	1.7	11.2
$35¼	$18¼	Vaal Reefs 50c	$34	.....	†Q280c	2.7	10.4
$50¼	$28¼	West Drie R1	$48	.....	Q615c	ϕ	15.5
$36½	$22¼	West Hldgs. 50c	$36	.....	†Q415c	1.4	14.0
$18½	$10⅝	Western Deep R2	$17⅞	.....	†Q147½c	2.1	10.9

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling or in EEC currencies are quoted inclusive of the investment dollar premium.

- △ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ≠ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ✣ Regional price.
- ǁ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. §§ Yield based on assumption Treasury Bill Rate stay unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

"Recent Issues" and "Rights" Page 24

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £500 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	26	......	Sindall (Wm.)	155	......
Bertam	26	......	**IRISH**		
Bdg'wtr. Est. 50p	415	......	Conv. 9% '80/82	£86⅛	......
Clover Croft	28	......	Nat. 9¾% 84/89	£71⅝	......
Craig & Rose £1	£111½	......	Fin. 13% 97/02	£84⅞	+¼
Dyson (R. A.) A	26	......	Alliance Gas	80	......
Ellis & McHdy	180	......	Arnott	345	......
Fife Forge	54	......	Carroll (P.J.)	98	......
Finlay Pkg. 5p	20	......	Clondalkin	80	......
Graig Ship. £1	290xd	−20	Concrete Prods.	87	......
Higsons Brew	78	......	Heiton (Hldgs.)	78	......
Holt (Jos) 25p	260	......	Ins. Corp.	210	......
I.O.M. Stm. £1	160	......	Irish Ropes	70	......
Pearce (C. H.)	265	......	Jacob	35	......
Peel Mills	30	......	T.M.G.	150	−40
Sheff. Refrshmt	105	......	Unidare	83	......

OPTIONS
3-month Call Rates

Industrials		I.C.I.	24	Tube Invest.	30
A. Brew	9	"Imps"	8	Unilever	55
BOC Intl.	6	I.C.L.	55	U.D.T.	5
B.S.R.	7	Inveresk	7	Utd. Drapery	10
Babcock	18	KCA	5	Vickers	18
Barclays Bank	32	Ladbroke	22	Woolworths	7½
Beecham	52	Legal & Gen.	14		
Blue Circle	18	Lex Service	11	**Property**	
Boots	18	Lloyds Bank	25	Brit. Land	7½
Bowaters	18	"Lots"	5	Cap. Counties	9
B.A.T.	28	London Brick	7	Land Secs.	25
Brown (J.)	50	Lonrho	8	MEPC	17
Burton 'A'	26	Lucas Inds.	25	Peachey	13
Cadburys	7	"Mams"	16	Samuel Props.	14
Courtaulds	10	Mrks. & Spncr	11	Town & City	2¼
Debenhams	8	Midland Bank	30		
Distillers	21	N.E.I.	14	**Oils**	
Dunlop	6½	Nat. West. Bank	28	Brit. Petroleum	100
Eagle Star	14	Do. Warrants	15	Burmah Oil	13
E.M.I.	12	P & O Dfd.	10	Charterhall	5
Gen. Accident	21	Plessey	10	Premier	5
Gen. Electric	35	R.H.M.	5	Shell	25
Glaxo	50	Rank Org.	25	Ultramar	25
Grand Met.	14	Reed Intnl.	18		
G.U.S. 'A'	30	Sears	5½	**Mines**	
Guardian	24	Spillers	4½		
G.K.N.	28	Tesco	7	Charter Cons.	16
Hawker Sidd	26	Thorn	35	Cons. Gold	20
House of Fraser	18	Trust Houses	17	Rio T. Zinc	27

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES

Wednesday July 25 1979

More nuclear waste tests planned for UK

BY DAVID FISHLOCK, SCIENCE EDITOR

THE GOVERNMENT has named anther 11 areas of England, Wales and Scotland in which it proposes to make test borings to see whether the rock structure might be suitable for storing highly radioactive nuclear waste.

The announcement, in a written Parliamentary reply from Mr. Michael Heseltine, Secretary for the Environment, confirms the Government's determination to proceed with its research programme into ways of permanently disposing of nuclear waste.

The research has been hampered by the activities of national groups opposed to nuclear energy, in addition to local objections to attempts to make test borings.

All test borings in Britain, for whatever purpose, are subject to local planning permission.

Three applications for drillings by the UK Atomic Energy Authority—two in Northumberland and one in Kyle and Carrick—were refused under an earlier programme. But a fourth, in Caithness, was approved and drilling began last winter.

The 11 areas where drilling is proposed on the basis of studies by the Institute of Geological Sciences are in Cheshire, Cumbria, Grampian, Gwynnedd-Powys, Highlands, Leicestershire-Nottinghamshire, Northumberland, Somerset, Strathclyde, Western Isles, and Herefordshire-Worcestershire.

The new areas are regions of soft rock—salt or clay—whereas the previous four applications for drilling were all in hard rocks.

Either type holds possibilities of providing a safe repository for radioactive wastes, the geologists believe. They consider that about 16 per cent of Britain's land mass is potentially suitable.

Mr. Heseltine, in his statement yesterday, stressed that any decision to experiment with the burial of radioactive waste would be the subject of a separate planning inquiry.

The UK Atomic Energy Authority believes that Britain might be ready to choose a site for trials in radioactive waste burial—if it should need one—by about the mid-1980s, although it would probably not wish to deposit waste permanently there for another 20-30 years.

But the geologists will first need at least seven years to satisfy themselves of the long-term safety of the rock structure chosen.

Their efforts are being baulked by the unwillingness of local authorities to permit investigations. The Flowers report on the environmental consequences of nuclear power, in 1976 recommended that Britain should be putting a greater scientific effort into the problems of waste disposal.

In March this year, Sir Denys Wilkinson, chairman of the Advisory Committee on Radioactive Waste Management, set up by the Department of the Environment in the wake of the Flowers report, wrote to Mr. Peter Shore, then Environment Secretary, warning that unless the drilling programme proceeded his committee would be unable to tender useful advice.

Sir Denys said that local objections were founded on fundamental misunderstandings of the purpose and nature of the work.

Jenkins eases way for uranium pact

BY DAVID FISHLOCK AND GUY DE JONQUIERES

BRITAIN and Australia yesterday signed a bilateral nuclear safeguards agreement for the supply of uranium to Britain during the 1980s.

The signing took place in London a year after a previous attempt aborted at the last minute when the EEC Commission refused to give its approval. This approval was needed under the Euratom Treaty.

Yesterday France, which also wanted to sign a bilateral safeguards agreement with Australia, presented its EEC partners with demands for a revision of the Euratom Treaty which would effectively strip Euratom of its authority over nuclear fuels and fuel services.

Model

The Anglo-Australian agreement opens the way to commercial contracts under which Britain expects to purchase 1,000-1,300 tonnes of Australian uranium a year during the 1980s.

The Australian Government believes that its safeguards agreement—based on conditions laid down in May, 1977—meets the objectives of both countries and will serve as a model for other bilateral safeguards agreements.

Britain has been in discussion with the EEC Commission since 1977 to get a Euratom agreement that would obviate any necessity for the Nine to negotiate independently with Australia.

Euratom is still not ready to sign such a treaty with Australia. But the EEC Commission's objections to the bilateral pact evaporated after an intervention by Mrs. Margaret Thatcher when she tackled Mr. Roy Jenkins, president of the Commission, last month.

What is not clear is whether Britai nhas created a precedent which will allow other EEC members to negotiate bilateral safeguards agreements for Australian uranium, thereby weakening the authority of Euratom.

An exchange of letters between the two governments specifies that the two nations will agree to reconsider their treaty before the end of 1982 if no Australia-Euratom agreement exists by then.

Suspicions

The French demands were listed in an official memorandum circulated at a Foreign Ministers' Council meeting in Brussels. It said that the Euratom Treaty, signed in 1957, was out of date and should be adapted in line with the growing importance of nuclear power as a source of energy.

The memorandum received a wary, indeed hostile, response from several other governments. There is a strong suspicion among France's partners that it is seeking the treaty revisions mainly in an effort to build up a position of unassailable dominance over the European nuclear industry.

Monopoly

Chapter six of the Euratom Treaty requires the Euratom supply agency to exercise a monopoly over nuclear supplies. These far-reaching powers have never been exercised, but last November the European Court of Justice ordered that the treaty must be fully enforced.

Kenneth Marston writes: Rio Algom, a Canadian mining subsidiary of RTZ, intends to resell 500,000 lbs of uranium oxide it delivered to Eldorado Nuclear, the Canadian state-owned nuclear fuel supplier, for refining on behalf of the U.S. Tennessee Valley Authority if the TVA fails to pay Rio Algom the $22.7m (£9.9m) due for the purchase.

Thatcher rules out early cut in MLR

By Elinor Goodman, Lobby Staff

THE PRIME Minister made it clear yesterday that there was absolutely no question of a cut in the minimum lending rate as long as demand for credit and bank borrowing remained at its present high rate.

To the evident relief of MPs on her own side she also dismissed the suggestion, made this week, by one of her economic advisers, that a Conservative Government might stop tax relief on mortgages.

Asked by Mr. James Callaghan to comment on the suggestion, made by Professor Douglas Hague at a Financial Times conference on Monday, she said she was "delighted to deny it. One's advisers are not always right and I tell them so."

In the light of the Government's declared determination to cut down on businessmen's perks and other fringe tax benefits, the suggestion had just enough credibility to worry some Tory back benchers who have only reluctantly reconciled themselves to the likelihood of interest rates staying at their present high rate for some time to come.

The Prime Minister, who in spite of noisy heckling by Labour back-benchers was in a very confident mood, was equally emphatic about the Government's determination to maintain the present high level of interest rates as long as they were needed.

Mrs. Thatcher refused to give any undertaking about a future cut in MLR but instead endorsed the general line taken by the Chancellor last week and insisted that interest rates rates would have to remain high as long as the "tremendous amount" of borrowing continued.

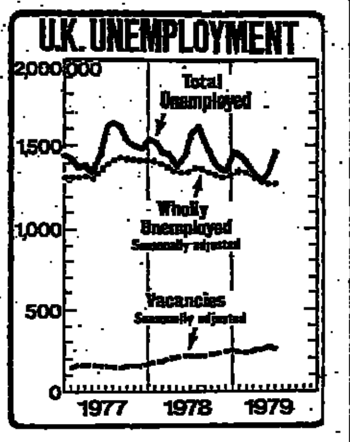
She repeated that it was the Government's long term intention to reduce public expenditure as a proportion of total national income. But for the moment, she said, the task was to "constrain it from growing further."

Later in the afternoon, during a debate on the cuts in regional aid announced last week, Sir Keith Joseph, the Industry Secretary, announced that the eight English regional economic planning councils are to be axed. The regional planning boards, which are staffed by civil servants are to be maintained.

Parliament, Page 8

Steady fall in adult jobless halts as vacancies decline

BY PETER RIDDELL, ECONOMICS CORRESPONDENT



THE STEADY fall in adult unemployment in the spring and early summer has come to a halt over the last month, while notified vacancies have started to decline.

It is too early to conclude that a turning point has occurred, since there is other evidence of a strong labour market, especially in London and the South-East.

But most economists and policymakers believe that unemployment will rise sharply over the next 12 to 18 months because of the combination of recession and a squeeze on public sector manpower.

Department of Employment figures published yesterday show that the number of adults out of work in the UK was unchanged in the month to mid-July at 1.28m on a seasonally-adjusted basis. This is equivalent to 5.3 per cent of the workforce.

But many school-leavers are started to look for work and this was the main reason for a 120,000 rise in the unadjusted UK total over the last month to 1.46m.

The number of school-leavers on the register rose by nearly 72,000 to 215,000. This is 27,700 lower than a year ago, in spite of an increasing number of pupils leaving school.

The large number of unemployed school-leavers has in the past tended to obscure the underlying trend in recent summers and may have done so again this years. There are, however several signs that labour is still short in some areas.

Yet the halt to the fall in unemployment at least raises a question about the underlying direction, after a drop of 91,500 in the last year.

Similarly, a fall of 9,400 to 253,000 in the number of vacancies notified to employment offices in the last month is in marked contrast to the rise in the total over the last year. The July figure is—apart from the previous month—the highest level for vacancies since November 1974.

The turning point is, however, unlikely to be more than a few months away, given that the growth of total output is soon expected to slacken.

Last week the Organisation for Economic Co-operation and Development projected a rise in the rate to over 6 per cent during the first half of 1980, equivalent to a rise of between 180,000 and 200,000. Whitehall projections are unlikely to be very different.

The Government's job support measures have had a growing impact over the last month. The estimated number kept off the register is 15,000 higher at 190,000, chiefly because of the increasing total benefiting from the temporary short-time working compensation scheme.

Unemployment map, Page 7

Profits 'could be halved'

THE REAL profitability of British companies could be halved this year to about 3 per cent, excluding the North Sea sector, Sir John Greenborough, CBI president, told an FT conference yesterday. This compared with about 10 per cent in the late 1960s.

Report, Page 6

China and Russia lodge border incident protests

BY OUR FOREIGN STAFF

CHINA and the Soviet Union lodged formal protests against each other yesterday after an incident on July 16 on their border in which a Chinese official was killed.

The incident, which appears to be the most serious since a similar clash in May 1978, is likely to sour Sino-Soviet relations just as plans are being made for talks on improving relations.

The Chinese Government said through the New China News Agency that Soviet frontier troops killed a party official and wounded a farm veterinarian after an ambush in the Tersadi area of Xinjiang province.

The dead man, named as Li Bacquin, and the wounded man named as Burumbutung, were then dragged into Soviet territory, according to the Chinese.

The USSR says the incident occurred as Soviet border troops intercepted a patrol of four armed Chinese soldiers about half-a-mile inside territory.

This is the first incident to prompt formal protests since May last year, when Soviet and Chinese troops clashed in the same area. Tension is constant along the border, and less dramatic incidents are understood to occur frequently.

Relations between China and the USSR have deteriorated in parallel with those between China and Vietnam. Soon after China's invasion of Vietnam—in February this year—the Chinese Government cancelled its almost-expired Sino-Soviet Friendship Treaty.

Agreement in June between the two countries to open talks on how relations could be improved surprised many observers. The talks were scheduled to open in Moscow in September at Deputy Foreign Minister level.

China has named Mr. Wang Yuping to head its delegation. The Soviets have not yet named their delegation leader. It may be Mr. Leonid Ilyichov, the official who has headed negotiations in Peking on Sino-Soviet border disputes during the past nine years.

Warning of Soviet air build-up, Page 3

Weather

UK TODAY

DRY and sunny in South. Some rain in North.

London, S.E., S.W., Cent. England, Channel Islands

Dry. Max. 21C (70F).

E., Cent., N. England, Midlands, E. Anglia

Bright, some cloud and rain. Max 21C (70F).

Wales, N.E., N.W. England, Lake District, Isle of Man, Borders, Edinburgh and Dundee, Glasgow, S.W. Scotland, and Northern Ireland

Cloudy with some rain. Max 17C (63F).

Rest of Scotland

Sunny intervals with some showers. Max 16C (61F).

Outlook: Cloud, some rain in South, sunny intervals in North.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	26	79	L. Pims.	S	23	73
Algiers	S	27	81	Lisbon	S	28	82
Amsdm.	F	17	63	Locarno	S	24	75
Athens	F	32	90	London	C	19	66
Bahrain	S	43	108	Luxmbg.	F	17	63
Barclna.	F	26	79	Luxor	S	41	105
Beirut	S	29	84	Madrid	S	30	86
Belfast	C	17	63	Majorca	F	29	84
Belgrd.	C	22	72	Malaga	S	27	81
Berlin	C	14	57	Malta	S	33	91
Biarritz	C	21	70	M'chstr.	C	16	61
Bmghm.	C	20	68	Melbne.	S	12	54
Blackpl.	C	16	61	Milan	S	25	77
Bordx.	S	24	75	Mntreal.	C	29	84
Boulgn.	C	15	59	Moscow	F	17	63
Bristol	F	21	70	Munich	C	15	59
Brussels	C	18	64	Nairobi	S	23	74
Budpst.	F	22	72	Naples	S	28	82
B. Aires	C	15	59	Nwcstl.	C	17	63
Cairo	S	38	100	N. York	S	29	84
Cardiff	C	19	66	Nice	S	26	79
Cas'b'ca	S	24	75	Nicosia	S	29	84
Cape T.	S	15	59	Oporto	S	30	86
Chicago	C	26	79	Oslo	C	16	61
Cologne	C	18	64	Paris	C	20	70
Cpnhgn.	C	11	52	Perth	C	12	54
Corfu	S	31	88	Prague	C	16	61
Dublin	R	17	63	Reykjvk.	S	17	63
Dbrvnk.	F	26	79	Rhodes	S	30	86
Ednbgh.	C	18	64	Rio J'o	S	24	75
Faro	S	28	82	Rome	S	28	82
Florence	S	29	84	Salzbrg.	C	15	59
Frankft.	C	17	63	Singapr.	S	29	84
Funchal	F	22	72	Stckhm.	C	18	64
Geneva	S	21	70	Strasbg.	C	20	68
Gibrltr.	C	24	75	Sydney	S	15	59
Glasgow	F	10	50	Tehran	S	32	90
G'rnsey	F	17	63	Tel Aviv	S	29	84
Helsinki	C	18	64	Tenerife	C	18	64
H. Kong	S	30	86	Tokyo	S	32	90
Innsbrk.	F	20	68	Toronto	S	28	82
Invrnss.	C	12	54	Tunis	S	31	88
I.o.Man	C	15	59	Valencia	S	28	82
Istanbul	S	29	84	Venice	S	24	75
Jersey	C	16	61	Vienna	F	21	70
Jo'burg	S	7	44	Zurich	F	19	66

C—Cloudy. F—Fair. R—Rain. S—Sunny.

THE LEX COLUMN

A cash bubble at British Gas

For some hours yesterday morning it looked as though the premiere of Treasury '0?? was heading for a bumper oversubscription at the Watling Street box-office. When gilt-edged prices began to drift lower in the afternoon it was widely asumed that investors were selling other stocks to finance their tenders for the new tap, but as the market closed last night brokers found themselves with rather fewer applications than they had expected. The stock will probably be just fully subscribed at the minimum price of £96.50; there should be plenty of solid demand from life insurance companies with long liabilities to match, but the stags may not be as much in evidence as they have recently been.

Sterling rose 0.6 to 73.6 on the trade-weighted index yesterday—determined central bank intervention on the continent meant that it was the only currency in which traders coming out of dollars could hope for movement. But German and Swis funds seem suspicious of the pound's strength and rather unwilling to buy stock with the currency at present levels and long gilts already discounting a great deal.

Index rose 0.3 to 467.0

British Gas

As usual a mass of confusing figures emerges from the British Gas Corporation's annual report, none being more misleading than the declared pre-tax profit figure of £360.7m against £180.3m. In fact this comparison is gravely distorted by the absence of the previous year's special write-off of £238.9m. The true underlying picture emerges from the source and application of funds statement, which shows that the gross cash flow generated from trading actually dropped slightly in 1978-79 from £767m to £735m. This reflects the freeze on domestic prices and the weakness of commercial gas prices early in the year, together with a rapid rise in costs. On the other hand the hard winter brought a late surge in demand, and with customers queueing up the current year will continue to be extremely prosperous, helped by a further withering away of the interest charge.

Out of the mishmash of historical cost and current cost accounting one dominant theme emerges—British Gas continues to generate funds on a scale vastly greater than it can invest. There is vague talk of a much bigger spending programme later in the century, but in the next five years investment in fixed assets will only be running at around £350m a year, on average, in 1978 prices. Allowing for increases in working capital, the corporation is at present generating *nearly twice* the resources it requires.

Hence the curious financing position. During the year British Gas paid off £720m of the £835m it owed to the National Loans Fund. The remaining £115m is being repaid this week, and by the end of the financial year the corporation could be the proud possessor of approaching £300m of "reverse NLF" deposits.

With price rises planned for domestic gas next year these deposits could rise rapidly, and British Gas is currently negotiating with the Treasury terms which could ensure that it will be able to reclaim the money when required in the future. But it may prove harder for the gasmen to hold on to their cushion than they realise. Although British Gas is dressing up the cash reserves as a balance for future investment, in fact a large part arises from the windfall gains which accrue to the corporation as a monopoly buyer and distributor.

At one level, it may not matter too much in which public sector accounts these gains pop up. Yet as things stand there is a danger that British Gas will be encouraged to overinvest, and so long as upstream and downstream returns are mixed up there can be no rational basis for gas pricing.

NatWest

Compared with a 60 per cent gain at Lloyds Bank, National Westminster's pre-tax profits have doubled to £220.6m. Even after allowing for a once-off £9.3m boost because of a change in the accounting treatment for leasing business (bringing it into line with Barclays), NatWest's profits growth in the first half appears to have been well above average for the clearers.

Of course, NatWest has a lot of catching up to do after its bleak performance in the mid-1970's. But the combination of lower bad debt charges and a reduction in unproductive capital spending is helping the group outperform its rivals. In addition, the big post-merger thrust into international banking is starting to pay off handsomely.

Given the sluggish recent performance of Lloyds Bank International and Barclays Bank International, a rise of close to a third in NatWest's international profits in sterling terms is rather surprising. But NatWest argues that it mix of international business differs from the other two and an emphasis on fee earnings and unglamorous areas such as trade finance is paying off.

However, the key factor behind the surge in group profits was the jump in domestic banking profits resulting from the combination of sharply higher interest rates and a 20 per cent rise in lending volume. Although interest rates are showing no signs of falling yet NatWest is saying that second half profits "may not match" those of the first half.

This may well be overly cautious but even so group profits should be of the order of £430m (against £297.4m). Assuming the 22 per cent increase in the gross dividend is carried through to the final, it will be covered 5½ times on a fully taxed basis. The shares at 355p yield 6.6 per cent and with retained earnings of well over £200m in the current year the purchase of the National Bank of North America should not put too much strain on the relatively low capital ratios—provided, of course, sterling does not collapse over the next year.

BTR/Bestobell

Bestobell is putting up a strong fight against BTR's £26m offer. Its crisply worded defence document presents a rather convincing picture of a company which is approaching the pay-off from an effort to redirect its business towards its profitable UK operations and away from merchanting overseas. Start up costs in the UK provide one explanation for the uninspiring profits performance in recent years. More tangibly, Bestobell is forecasting that its profits will rise by at least 30 per cent to over £6.3m this year—and there is to be a higher dividend, which will leave the shares yielding nearly 8 per cent at the bid price. This should be enough to see off BTR's current offer.

Continued from Page 1

British Gas profit

corporation to lend money to the Government, it claims.

The money will be deposited in a specially nominated account, and British Gas have the right of withdrawal at any time.

Details of the arrangement have not been disclosed, though it is thought that the interest rate will be linked to, and fluctuate with, market rates.

On this basis the corporation could expect to earn at least 10 to 12 per cent interest on its deposit at current rates.

One effect of this arrangement is that the corporation should become a net interest earner in the financial year 1980-81.

Last year interest payments totalled £81.9m, the lowest for 10 years and some 3.8 per cent of net costs.

In the early 1970s interest charges accounted for more than a fifth of the undertaking's costs.

Sir Denis said that the corporation was concerned at the way disparity in fuel prices and the crisis of confidence in the oil business had led to a "deluge of requests" for new gas appliances.

This "flight from oil" was putting pressure on the corporation to extend its system faster than it considered prudent.

The corporation aimed to increase sales gradually, from the present average of 4.5bn cubic feet a day to between 5.5bn and 6bn by the mid-1980s. But it felt that offshore resources could not sustain a higher level after that.

In the meantime British Gas has warned that it may not be able to meet all requests for new sales, particularly from householders living some distance from a main, or commercial buyers seeking large contracts.

To help it meet peak winter demand the corporation plans to bring forward development of its Irish Sea Morecombe Field.

It had been planned to initiate production in 1985. The start is now likely to be in 1983.

British Gas plans to spend some £450m on developing the field, which may include building nine small drilling platforms and two process platforms. The corporation has begun negotiations with companies with interests in the Rough and Hewett gasfields in the southern sector of the North Sea. It hopes for an arrangement with the companies whereby it can use the partly-depleted reservoirs for storage in periods of high production and relatively low demand.

Continued from Page 1

Blumenthal doubts

new role, will be tailoring President's Carter's policies for re-election.

Mr. Miller said yesterday that he was very confident that at the Treasury he would have direct access to the President and the strongest of roles to play in shaping economic policy. Otherwise, he would not have given up his security of tenure as chairman of the independent Fed.

It also transpired from inside the Treasury that the job of Treasury Secretary was first offered to Mr. David Rockefeller, chairman of Chase Manhattan Bank, and to Mr. Reginald Jones, chairman of General Electric, before Mr. Miller accepted it.

The names of Mr. Rockefeller and Mr. Jones are among those touted as the new nominee for Fed. chairman to replace Mr. Miller.

Mr. Miller is to make his first appearance on Friday before the Senate Finance Committee to be confirmed as Treasury Secretary. He has promised he will not leave the Fed. Board leaderless, and will stay on until the Senate confirmation of his successor is well under way.

But Mr. Carter's delay on a new appointment has cast doubt on whether the Senate banking committee can approve a new Fed. chairman before Congress starts its summer recess on August 3. The recess lasts until September 5.

Registered at the Post Office. Printed by St. Clement's Press for and published by the Financial Times Ltd., Bracken House, Cannon Street, London, EC4P 4BY.